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THE ROUND TABLE

A Quarterly Review of

BRITISH COMMONWEALTH AFFAIRS

Contents of Number 175

AFTER DIEN BIEN PHU

CROSS PURPOSES IN EGYPT

THE ECONOMIC OUTLOOK

AMERICA'S POLITICAL CIRCUS

RECONSTRUCTION IN KENYA

APARTHEID IN PRACTICE

And Articles from Correspondents in

**UNITED KINGDOM IRELAND INDIA PAKISTAN
CANADA AUSTRALIA SOUTH AFRICA NEW ZEALAND
RHODESIA AND NYASALAND**

JUNE 1954

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THE ROUND TABLE

A QUARTERLY REVIEW OF
BRITISH COMMONWEALTH AFFAIRS

CONTENTS

	PAGE
After Dien Bien Phu	219
Cross Purposes in Egypt	223
The Economic Outlook	236
America's Political Circus	245
Reconstruction in Kenya	251
<i>Apartheid</i> in Practice	259
United Kingdom: The Queen's Tour	264
Ireland: Fall of Mr. De Valera	276
India: The Language Question	282
Pakistan: Landslide in East Bengal	286
Canada: The New Parliament at Work	290
Australia: The Royal Tour	297
South Africa: The Budget	303
New Zealand: "Our Queen"	310
Rhodesia and Nyasaland	315

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AFTER DIEN BIEN PHU

HOT AND COLD WAR IN THE FAR EAST

ON May 15, the night of the Queen's return from her unique Commonwealth Tour, the circular space in front of Buckingham Palace, and the entire length of the great processional way of the Mall behind it, were packed with an enthusiastic throng, waiting for Her Majesty to come out on the balcony and cheering her to the echo whenever she appeared. It was a more remarkable demonstration of the unity of the people with the Throne even than that which followed the coronation; for it was more obviously spontaneous, not having been preceded by months of elaborate preparation for festivity, and the salute was accorded, not to the hope of the institution of monarchy, but to the actual and personal achievement of the Queen. In that sense it recalled the acclamation given in that place to King George V at his Silver Jubilee, and to King George VI on the nights of victory in Europe and over Japan.

The previous week, after the fall of Dien Bien Phu, General de Gaulle laid a wreath on the grave of the Unknown Soldier under the Arc de Triomphe. There also the surrounding spaces were thronged. A distinguished Englishman who was present at both demonstrations estimates that the crowds in Paris were as much greater than those in London as the avenues of approach to the Place de l'Étoile are more numerous than those to Buckingham Palace; and that the cries of "de Gaulle au pouvoir" exceeded in volume those of "We want the Queen".

This is one observer's estimate; and to judge from the press reports there would be many to disagree with it. The comparison of the two scenes is not made here in order to contrast the force of united loyalty in England with the intensity of party feeling in France, but merely to suggest that the fall of Dien Bien Phu, in its quite different way, has stirred French sentiment as deeply as the Queen's great voyage has stirred the British Commonwealth and Empire.

What is to be the lasting effect of this stirring of the French mind upon French governments and French world policy is not yet to be foreseen. It is evident that the heroic resistance of General de Castries and his men has restored the military prestige of the French soldier to as high a level as it reached in the days of the defence of Verdun. It is equally evident that the reputation of the French high command, including the political direction of the war, has suffered a grievous blow; and the official (and true) explanation of the defeat—that Dien Bien Phu was subjected to a kind of attack it was never designed to withstand—does nothing to repair the moral damage. This was also the explanation for the British loss of Singapore to the Japanese; to be taken by surprise is the most conspicuous of all strategic failures. M. Laniel's Administration, accorded a vote of confidence by the narrowest

possible majority, has not been in any substantial sense confirmed in power, but merely continued in office on sufferance, lest France should be left without a government during the sessions of the Geneva Conference. Until the conference is over, and the Assembly has decided whether to renew the commission of M. Laniel or seek other leadership, there is no predicting what course France will pursue in Asia—or indeed in Europe. And while the action of France is in doubt, her friends and associates cannot fully define their position.

Nevertheless, the sense of a turning-point in international relations in the Far East is universal. The saturated solution of irreconcilable political faiths may well be about to crystallize. When Islam broke upon the Christian world in the seventh century it was for many generations taken for granted on both sides of the internecine conflict that one of the rival religions must eventually obliterate the other; not till after the end of the Crusades did both recognize that they must find a permanent means of sharing the Mediterranean world between them. Similarly at the time of the Reformation, none of the early partisans doubted that Europe must eventually be all Catholic or all Protestant; not before the Peace of Westphalia were the two communions reconciled to the prospect of indefinite coexistence.

It would seem that the Peace of Westphalia between Communism and Western liberalism is now coming into sight. The frontier is drawn in Europe, and has sooner or later to be continued across the world. To recognize its permanent existence is painful to tender consciences on both sides. In accepting the compromise of the seventeenth century, zealots of each party sincerely believed that they were abandoning immortal souls to error and the prospect of damnation; and we know that political feelings today can be as intense as theological in the past. For that reason the frontier will always be thought to be unjustly settled, and there will be continual pressure to readjust it. It has, however, to be recognized today that a clear frontier there has to be, in Asia as in Europe; and the problem for the Western Powers is where it is to run and how it is to be held.

From the unpromising state, at the time of writing, of the negotiations at Geneva it appears that the necessary preliminary to the determination of the frontier, the ending of the present war, will be the most difficult phase of all. Whether any tolerable terms for a cessation of hostilities can yet be brought about by Mr. Eden's diplomacy depends largely on the answer to the unsolved riddle of Chinese intentions. Is this conflict to be treated in Peking, and beyond Peking in Moscow, as an integral part of the generalized struggle between the two international systems, or as a local colonial revolt, to be supported on principle but with limited liability? To France it has hitherto been a colonial war, waged to maintain at least the façade of the French Union rather than to check the progress of Communism in Asia. The immediate French need is to bring to an end the appalling drain upon the nation's resources of blood and treasure; and a settlement on terms that will preserve French prestige in the Far East may not improbably be welcomed by French public opinion even at the sacrifice of military predominance over the whole of Indo-China. If no settlement can be obtained, then the anxious

question must be faced which has caused such heart-searchings in recent months, whether the Western Powers are to intervene in force in support of France, thereby finally identifying the campaign in Indo-China with the struggle on the continuous front of war, hot or cold, between the two world combinations.

This question cannot be determined upon British initiative. Public opinion in Great Britain is probably more awake to the vital significance of Indo-China now than it was in 1914 to that of Belgium or in 1939 to that of Poland. On the other hand, it has not fully faced the fact that Britannia no longer rules the waves, and that the condition that made possible effective British action at the other side of the world, the possession of absolute sea power, no longer prevails. Today British authority can be exerted in South-East Asia only in concert with the United States; nor is that to be regretted, for if world peace is to be preserved it is vital that Anglo-American solidarity shall not be confined to the domain of the Atlantic alliance, but extended to all regions where either is vulnerable. Nothing has been more remarkable in recent months than the change of American sentiment with regard to the war in Indo-China. All American tradition was against giving any support to an "imperialist" Power, engaged in a colonial war against insurgent nationalism. Of late, however, the new American hatred of Communism has tended more and more to outweigh the old hatred of colonialism. In these circumstances it behoves British statesmen to use their influence with the predominant partner to ensure that American power is directed, not to the tactical maintenance of possibly weak outposts, but rather to the consolidation of strategic lines which defend real interests and can be indefinitely held. If a South-East Asian defensive system is to be constructed, capable of playing a part in any way analogous to that of N.A.T.O. in Europe and the Atlantic, it must be founded upon a realistic assessment of the interests that for each co-operating Power are indispensable to maintain.

The fundamental difference between the position in South-East Asia and the position in Europe is the danger that the force of nationalism may be persuaded to take the Communist side. The outstanding exception is India; but there is no prospect that India will depart from the policy of "non-alignment" and help in any way to put her Eastern neighbours in a position of defence. As one correspondent there reports on another page,¹ Mr. Nehru has declared himself opposed to American policy in Asia "if it means maintaining a posture of strength in order to contain China". Consistently with this attitude India has watched unperturbed while Communism has made a lodgment in Tibet, and will no doubt continue to stand aloof with equanimity, confident that China has no ambition to turn India Communist, and that the progress of Communism will be slowed down when it loses the motive—with which India sympathizes—of anti-colonialism.

Pakistan, maintaining the American association against some opposition in its Eastern province, may be expected to be sympathetic to defensive planning, but belongs strategically rather to the system of the Middle East. In Burma there is reported to be a growing sense of the importance to the

¹ See p. 285.

country of early peace in Indo-China and a stable settlement for the whole South-East Asian region. Siam, appealing for succour to the United Nations, evidently hopes for American protection.

There remain the Powers necessarily concerned as principals, which are the United States, three members of the British Commonwealth, and France. All these Powers must stand or fall together, in the region as in the world at large; but their particular interests in South-East Asia are not identical, and will have to be studied in detail and allowed for in the planning of mutual help. The special interest of the United Kingdom—over and above the mutual loyalty binding all the members of the Commonwealth—is economic. Malaya is the main source of foreign exchange for the sterling area, and must be held in the interest of solvency as well as in discharge of the imperial trust. The question here is how near to the Malayan frontier Communism can be allowed to approach without setting up intolerable stresses within the country, which will make impossible the completion of the task of launching Malaya into independent nationhood as a prosperous and friendly associate of the liberal Powers. For Australia and New Zealand the main anxieties are strategic. It is of vital importance to both that a sufficient area of the great land-mass to the northward should be organized as a bastion against Communist advance and that the line of approach to their shores along the island chains should remain under the dominance of friendly sea power.

The United States must look at South-East Asia as a stone added to the arch constructed on the world scale for the containment of Communist expansion, an arch which at one extremity rests upon N.A.T.O. and will continue through Turkey to Pakistan, and at the other has to be fortified by the inclusion of Japan and by a satisfactory settlement in Korea.

And for France the first need is relief—and speedy relief—from a burden too grievous to be borne. Viet Nam can now scarcely be saved; the question is rather whether the rest of Indo-China can be kept intact under the flag of the French Union. But there will be some compensation for the losses of France if a proper share of responsibility for the joint maintenance of common interests in South-East Asia can be distributed among her friends. For the longer the resources of France are sapped in Asia the more difficult it becomes for her statesmen to hold popular support for the assumption of necessary commitments in the West. Without France there is no Europe. French ratification of the European Defence Community has yet to be obtained; and the sands are running out. If ratification is much longer delayed, Dr. Adenauer's power to commend E.D.C. to Western Germany will ebb away. Thus the problem of South-East Asia is one with the problem of Europe—and of the world. There is one front in the general conflict, though it may take the form of cold war in some regions and of hot war in others; and the requirement always and everywhere is to keep the line of defence unbroken between all the nations standing for freedom, but especially between the United States and the British Commonwealth.

CROSS-PURPOSES IN EGYPT

TWO YEARS OF THE REVOLUTION

AFRICA, it used to be said, always produces something new; and Egypt, in her internal politics, has been running true to classical tradition. In July 1952 a well-organized group of young officers, with General Neguib as leader, or at least figure-head, compelled the King to abdicate in favour of his infant son, expelled him, and put his Palace entourage on trial and his Palace collections to auction. They appointed a Council of Regency; but within a few months a split developed in their ranks and Colonel Rashad Mehanna, one of the Regents, was charged with plotting against the régime and sentenced to twenty-five years' imprisonment. Within a year a Republic had been proclaimed and General Neguib became President as well as Prime Minister. The old parties—including the Wafd—were disbanded, their funds confiscated, and their leaders—good, bad and indifferent—placed in custody indiscriminately. They have now been released, but several have—very justly—been deprived of the illgotten gains they acquired while in office. The Muslim Brotherhood was first countenanced, then proscribed and afterwards allowed to function, subject to certain limitations. In September 1953 a further plot against the Revolution was announced, and a revolutionary tribunal set up to try the conspirators—including Ibrahim Abdel Hadi, a former Prime Minister whose main offence was that he had suppressed the Muslim Brotherhood after the assassination of his predecessor. In February last a serious rift occurred in the military government; General Neguib resigned and was placed under house arrest and made the target for considerable abuse by his former colleagues. But General Neguib had become a popular figure and his arrest provoked violent reactions in his favour from the cavalry officers and the Frontier Corps, as well as from the pro-Egyptian party in the Sudan; and after two days he was recalled to office, with apparently increased authority. But his triumph proved short-lived. He announced that elections would be held in the summer for a constituent assembly and that thereafter the military junta would hand over power to a civil government. Aly Maher, that shrewd old fox, who was asked to head the first Government after the Revolution, but soon after dismissed, was again brought into consultation as Chairman of the Commission which is drafting the new Constitution. The old parties and politicians who had brought Egypt to the verge of ruin were re-established and began at once a vigorous agitation against the military government. This was too much for the Army to tolerate, and with the organized support of the trade unions, which brought all transport to a standstill by a strike, the decision to restore a civil government was reversed or at least deferred for two years. The very people who had insisted on General Neguib's restoration to power four weeks earlier now denounced his policy, and he himself collapsed with a tired heart. During the next few weeks there was continual agitation and

uncertainty, and finally it was announced that General Neguib would retain the office of President, with limited powers, and that Colonel Nasser would become Prime Minister and Military Governor. The press censorship, which General Neguib had lifted, was restored and a purge of the press chiefs announced: the charge against them was their corruption—which was notorious enough—but in reality the purge was a riposte to the attacks launched against the régime. It was announced that a nominated assembly, with purely advisory powers, would be constituted and all the Ministers who had held office in former governments—of whatever complexion—were deprived of political rights for ten years, and thus excluded from the proposed assembly. On this, six civilian members of the Revolutionary Government fell victims to an epidemic of ill health and resigned office, including the Finance Minister, Abdul Galil el Emary, who had been one of the mainstays of the Administration. There may well be further surprises in store.

Colonel Nasser, who has the reputation of being able and intelligent, reformed the Government by bringing in some new ministers and reshuffling others. He seems anxious to avoid the charge of being a military dictator and he has already made a number of concessions to labour, as well as relaxing the austere financial policy pursued by el Emary. But he has warned the people that they must not expect miracles and it may be hoped that he will be able to control the inconsistent demands of the extremists behind him. At present, however, there can be no assurance of stability in the régime.

General Neguib's Programme

GENERAL NEGUIB's aim had apparently been to organize a National Government, with the leaders of the old parliamentary parties, on the basis of the following programme: (1) evacuation of the British troops, (2) maintenance of stability until new elections, and (3) the continuance of the reforms undertaken by the Revolution. His decision to re-establish the old parties and to restore a parliamentary Government at such an early date was surprising. The upper classes had no love for the revolutionary Government, which had decreed the break-up of their estates, and the trading community were dissatisfied with the controls over prices and profits which adversely affected business. The main trouble, however, seems to have been the difficulty of carrying on the administration in the conditions created by the Revolution. In the background, behind the nominal Government, there is the Council of the Revolution, an assembly representing all the officers of the Forces, whose Cairo Headquarters carries on interminable schoolboy debates among themselves but exercises something of the same influence on the Government as the Labour caucus exercises on Labour Governments in Great Britain. Ministers are constantly called upon to justify their policies to this body and are continually pressed to put through further measures. Moreover, in every department, young officers have been appointed with a general power of supervision but no experience of the work, to act as a sort of Gestapo and "safeguard the revolution". The attempt to push through too many reforms all at once, with the capricious intervention of

these gentlemen, has led to great uncertainty in the application of the law and the administration of some departments has verged on chaos. But General Neguib seems to have had more faith in the capacity of Egyptian democracy than either his colleagues in the Government or the outside world. To a foreign observer the decision to postpone elections for a period seems sensible. Egypt needs a strong Government and it is not likely to get it on the basis of a parliamentary régime. The difficulty is that the Revolution does not appear to have thrown up any outstanding personality who can command general support and control the divergent forces in the movement. The days of the Janissaries have returned but no Mohamed Aly has yet emerged.

General Neguib has been accused by his colleagues of aiming at a dictatorship and of conspiring with the old gang against the Revolution. The first accusation is difficult to believe: Neguib apparently did not want to have to fight an election for the Presidency, but his popularity is based on his frank and democratic attitude to the public and he does not seem to have the makings of a dictator. On the other hand, he is reported to have been coquetting with Nahas, the leader of the Wafd, and to have promised him freedom from house arrest; and this may well be true. Colonel Nasser, on his side, is believed to be in touch with the Muslim Brotherhood. This may give a clue to the divergent lines of policy. The only widespread political organizations in Egypt are the Wafd—the Tammany Hall of the country, with a strong appeal to the upper and middle classes, as the established party of national independence, and a large following in the villages, where its representatives have control of local affairs—and, on the other hand, the Muslim Brotherhood, originally a religious movement for the revival of the pure faith of the Prophet, which has developed a network of subterranean “cells” with extreme xenophobic tendencies and has been responsible for a number of terrorist outrages. The corruption of the Wafd régime has alienated the Army leaders and they are said to be more friendly to the Muslim Brotherhood. Both parties are strongly Nationalist—the main difference being that the Wafd nationalism is purely pragmatic, this policy having been found a good method of attracting votes and of providing “jobs for the boys”, whereas the Muslim Brotherhood’s nationalism is inspired by their ideology and to that extent may be more difficult to deal with. The declaration of the “Supreme Guide”, on his release from internment, that he was not interested in getting independence by negotiations and that his policy was “struggle”, does not sound promising.

But the Revolutionary Government, despite its shortcomings, has much to its credit. It had to face a series of problems which might well have daunted more experienced men. The Committee of Liberation consisted of young officers, without any experience of government, and with differing political ideals, united only in their zeal for reform. They have effectively maintained public order, without serious trouble, and the trials they have instituted have, despite their irregular procedure, produced reasonable enough judgments—the few cases where the verdict was obviously biased, as in the case of Abdel Hadi, the former Prime Minister, being followed by a reprieve. The young

officers of the Revolutionary Council, though ignorant and impatient, are animated by patriotism and public spirit, and the movement has done something to purge the administration of its traditional corruption. In the economic field, the new Government inherited a bankrupt Treasury and a large stock of unsold cotton, purchased by the Wafd Government at a loss of £E25 million to relieve their speculative friends of their obligations. The Finance Minister, Abdul Galil el Emary, a former Under Secretary of the Ministry, whom the military leaders wisely supported, forced through a series of unpopular measures, cutting down official allowances and balancing the budget, while at the same time restoring an effective cotton market and disposing of practically all the cotton both from the old and the current crop. Emary, like other Finance Ministers, has had to take a letter of resignation along with him to Cabinet Meetings regularly, but until April he had been persuaded to stay on, and his resignation is a serious loss to the Government, for he had been the outstanding success in the Administration. The land reform, undertaken rather too precipitately, has been carried through in part only and cannot prove a remedy for the land famine in Egypt: but the breaking up of some estates has, no doubt, been accepted as a symbol of good intentions. Whatever mutterings there may be against the military régime from the upper and middle classes, it appears to have gained a considerable measure of popularity with the masses. Rivalries and jealousies arise in every Government; but there is no doubt that the record of the Revolutionary Government compares favourably with those of its immediate predecessors in honesty and public spirit. It may be hoped that these qualities will continue to prevail, whatever new permutations and combinations may supervene.

British Forces on the Canal

UNFORTUNATELY amid all these changes, no progress has been made on the question of the British forces in the Suez Canal Zone. The negotiations which have been dragging on for nearly ten years have been continued intermittently between the British Embassy and the leaders of the new régime without result. At one time there appeared to be a good prospect of agreement, but on two questions the opposing views could not be reconciled. Apparently it was agreed by both sides that the British Army, as such, should be withdrawn and that a base should be maintained, staffed by a few thousand "technicians". These technicians would be army personnel, and the British authorities insisted that they must wear uniform and be subject to military discipline, while the Egyptian representatives maintained that they must be treated as civilians and wear mufti, since otherwise they would be regarded as still constituting an army of occupation. The second question was the condition on which the base could be "reactivated". The British Government insisted that they should have a right to do so on any threat to international peace, whereas the Egyptians held that the prior consent of the Egyptian Government should be obtained. Various intermediate formulae have been tried, but no compromise has so far been found possible. The one satisfactory feature is that neither side has broken off negotiations completely and both have expressed willingness to resume discussions when desired.

No official publicity has been given to these negotiations, which have throughout been characterized as "informal"; but the semi-official leakages and the inflammatory press articles, which followed each abortive meeting, have excited public opinion in Egypt. Nor is the Egyptian Government without blame: not only the Minister of National Guidance, the "Dancing Major", who made himself so ridiculous in the Sudan, but all the leaders, including President Neguib, have from time to time given vent to public utterances calling for unity in the struggle against the "oppressors" and suggesting that one day the army of occupation would be driven out by force. Very wisely the leaders have left the date of this operation to an uncertain future; but meantime they have instituted further drilling of volunteers—including Ministers themselves crawling round the Pyramids at Giza—and have imposed the death penalty on a few Egyptians alleged to have given information against their countrymen to the British Intelligence. It is not surprising that, as a result, incidents have flared up from time to time in the Canal, with sporadic shootings and kidnappings of British soldiers. In some cases the missing men have proved to be deserters, who were picked up in Cairo and have no one to blame but themselves; in other cases there have been brutal murders, whether by the nomad Arab looters who frequent the Zone or by fanatical "fighters for freedom". There have, also, been a number of cases where British troops have shot Egyptians, either because they ignored challenges or in street brawls. The press in both countries gives most publicity only to those incidents for which the other side is responsible, thus tending to inflame public sentiment. After a series of such incidents the British Government ostentatiously announced that negotiations would be broken off until they had stopped. The Egyptian Government seems to be able to repress or restrict the attacks on British troops, when it so wishes, and recently they have not amounted to an organized campaign such as prevailed in 1952. But it is difficult to prevent them altogether so long as no agreement is reached. The Egyptians are an excitable race, and there will always be young students or *effendis* who "think of the glories of Greece and of Rome" and want to pick off a British soldier as a patriotic duty—in safety, if possible. The nationalist agitation has now been going on so long that it seems unlikely that any Egyptian Government could agree to the British Army's remaining in the Zone after 1956.

What are the alternatives? The extreme view—supported by the Tory "rebels" in the House of Commons—is that the British Government should break off the negotiations with the Egyptian Government, withdraw any assurances given and sit tight, maintaining the occupation even after 1956, with or without any new agreement, but limiting the garrison to the numbers authorized by the Treaty. This view is defended on the ground that the instability of Egyptian Governments makes any agreement with them worthless and that—whether or not there is a base in Egypt—the "defence" of the Canal is a vital interest of the British Commonwealth of Nations. The Treaty of 1936, certainly, stipulated that British forces (within certain limits of numbers) should be stationed in the vicinity of the Canal until such time as the Egyptian army "is in a position to ensure by its own resources the liberty

and entire security of navigation of the Canal". It is clear, however, that the intention of the Treaty was that the British forces should be available to protect the Canal navigation against external aggression and not against measures taken by the Egyptian Government in the exercise of what they regard as their rights. But, in fact, the demand that British forces should be maintained on the Canal now is mainly inspired by resentment at the measures taken by Egypt to enforce contraband control over shipping passing through the Canal *en route* for Israelite ports. The Egyptian Government maintain that the Suez Canal Convention gives them the right to exercise this control so long as there is only an armistice between the Arab countries and Israel; and the fact that the objections of the Maritime Powers have been submitted to the Security Council and not to the International Court of Justice at The Hague suggests that the legal issue is not too clear. The Maritime Powers would be in a stronger position to secure the abandonment by Egypt of these restrictions (which affect a negligible proportion of the shipping passing the Canal) if they first took effective measures to ensure the compliance by Israel with the recommendations of the Security Council for restitution of the properties seized by the Jews from the Palestine Arabs whom they expelled. The support given by the Western Powers to the Israelites on this question of contraband is regarded throughout the Arab countries as most unreasonable, when contrasted with the disregard shown for the claims of the Arab refugees. The increased tension on the Israelite frontier—with raids and counter-raids every week—makes it most improbable that the Egyptian Government can modify its attitude on this question.

Nor could any British force undertake to protect shipping going to Israel without taking over the administration of the whole Canal Zone. A force of 10,000 men could clearly not attempt this. In any case, there is nothing in the Treaty which gives the British Government or the British troops any rights in relation to the operation of the Canal. That is the function of the "Compagnie Universelle" so long as its concession lasts; and, although the Company has had its difficulties with the Egyptian Government, the last thing it is likely to want is to be placed under the protection of a British Army of Occupation. The Residency a couple of years ago found itself straddled by crossfire between Egyptian snipers and British troops and will have no desire to repeat the experience on a greater scale. The intervention of British forces in the management of the Canal might indeed serve as a pretext to the Egyptians for denouncing the Convention even before its expiry. In fact, as matters stand, the Suez Canal is a very important economic resource to Egypt, giving a livelihood, directly or indirectly, to many thousands of Egyptians and bringing a large revenue to the Egyptian Treasury, and there is little risk that any Egyptian Government would wish to interfere with the navigation of ships passing "on their lawful occasions", *i.e.* otherwise than to Israel.

A Question of Law

THE idea that we can just sit tight and ignore Egyptian protests is not practicable. We cannot stay in the Canal without legal right. We have entered into too many engagements to follow legal principles in international

affairs to be able to revert to the simple rules of power politics of the seventeenth or eighteenth century. The Egyptians would probably not be so foolish as to attempt to attack our forces, though they can make the position of our troops very uncomfortable by boycotting supplies and similar devices. If no agreement can be reached, their obvious course is to maintain the agitation against the occupation but to do nothing more until 1956, when the present Treaty expires. We have then to seek a new Treaty by agreement, or, in default of agreement, to submit the question to arbitration. The Treaty provided that, unless otherwise agreed, the submission should be to the Council of the League of Nations, but with the demise of the League this provision has lapsed. We should find it very difficult, however, to refuse to take the question to arbitration or to justify a continuance of the occupation before any international body. Our position is compromised by the fact that we were ready to agree to evacuation eight years ago—indeed, if the Bevin-Sidky Protocol had been accepted by Egypt, the evacuation would have been completed by 1950. The Americans, despite their concern with the defence of the free world, have already declared in favour of a “phased withdrawal”. The French have never forgiven us for forcing them to evacuate Syria and Lebanon and, despite their interests in North Africa and in the Canal itself, would not be over-vigorous in support of our occupation of the Canal Zone. The Arab League, India and the South American States would be unanimous against us. Russia’s attitude can be left to the imagination. We can expect to gain nothing by letting the negotiations drag on till we reach this *impasse*.

The choice is between arranging the withdrawal of our forces decently, by agreement, giving us such rights as we can obtain, or staying on until we have to go, as the result of an arbitral decision with which we shall be bound to comply. The real difficulty for us is that a withdrawal, under such circumstances, greeted as it would be with hysterical rejoicings from the press in Egypt—and perhaps in some other countries too—would be far more damaging to our prestige than any agreement that can be reached now. Those who, without much consideration of the weak case for maintaining the occupation, denounce any agreement with Egypt as a policy of scuttle, should bear in mind the risks involved in attempting to maintain an untenable position. The longer we hold out, the more damaging will be the effect of an eventual withdrawal.

For, after all, what are we likely to gain by holding out? The Canal Zone is, of course, an incomparable site for a base in the Middle East. But it can be useful only if we have the willing co-operation of the Egyptians. Otherwise it ties up too many troops—no less than 80,000, it is said, at present—who can do little more than defend their lines, and perpetuates friction with the Egyptian people. In these circumstances, it ranks with liabilities rather than assets. Even, however, if some agreement could be reached with Egypt, the value of the base in modern conditions is open to doubt. The attitude of the Secretary of State for War in the debate on March 11 did not suggest that he regarded the base as of vital importance, and he quite clearly indicated that he hoped to reduce the forces at present in the Zone. It would help to clear the air if the Government would give some authoritative assessment of

the military value of the base (*a*) if we were to try to maintain it without any agreement, and (*b*) if we were to maintain it with such limited agreement as seems likely to be attainable.

The Egyptians are reported from time to time to be flirting with a neutralist policy. Like other small countries, they see little advantage in getting mixed up in the quarrels of the Big Five. Looking at what happened in the last war, their attitude is not unnatural. Did Poland and Rumania benefit from our guarantee? Did not Sweden and Eire gain more from their neutrality? But it is not enough to want to be neutral—the question is whether in any new world struggle they could maintain neutrality. It may be argued that the geographical situation of Egypt, astride the isthmus joining Africa and Asia, makes her an inevitable target for attack. But is it certain that Russia would think it worth while to cross the deserts to attack Egypt? Air attack could prevent the use of the Canal, without the need to occupy Egypt. Abadan and Basra are objectives more easy of attainment and of greater importance. Egypt's main risk would be that her obligations to the Arab League might require her to intervene in support of Iraq or Syria if they were attacked. This is the real problem for the Egyptian advocates of neutralization.

In the event of a new world conflict, Iraq, Syria and Lebanon are almost certain to be involved, both for strategic reasons and for the control of their oil wells or pipelines. If Egypt wished to be neutral, she would have to denounce, or to disregard, the mutual defence provisions of the Arab League. If she does not intend to do so, then she ought to do all in her power to strengthen the very inadequate defence resources of the area. It would be thought that a military government would have been alive to these strategic considerations and that in response to them and with their need to obtain modern equipment for the Egyptian Army and Air Force, they would appreciate the advantages offered by a mutual Defence Pact with the Western Powers. At times this line of policy seems to be gaining ground, but apparently the insistence of public opinion in Egypt on evacuation by the British forces bars any definite progress. The farthest that General Neguib has been reported as going is to concede that an attack on Turkey—as well as an attack on an Arab League country—might be regarded as justifying the automatic “reactivation of the base”, and to indicate that, once the British Government had drawn up an evacuation programme and was seen to be carrying it out faithfully, the Egyptian Government would find it easier to accept commitments extending beyond the Arab League and even to conclude a Treaty of Alliance with the Western Powers. Perhaps this may still be the most helpful line of approach to a settlement.

Economic Foundations

WHEN political differences excite friction, economic interests take a secondary place: but another reason why a definite settlement of the political negotiations is very much to be desired is the effect of the present cold war on the economic position. The basic condition of a prosperous com-

merce is confidence, and there can be no confidence in a country which may at any time be the scene of explosions.

The present Government have been remarkably successful in improving the internal finances, restoring budget equilibrium and getting the cotton market operating on an economic basis. But the commerce between Britain and Egypt, which in the past were one another's best customers, has fallen and is falling disastrously. Britain imported goods—mainly raw cotton—from Egypt to the value of £47½ million in 1951, but less than £13 million in 1952 and only just over £15 million in 1953. British exports to Egypt, which were about £41 million in 1951, dropped to £33 million in 1952 and to £21 million in 1953. There may be sound business reasons why our purchases of Egyptian cotton have been so small, though uncertainty among traders about the political situation probably contributed to the decline in demand. But the fall in British exports to Egypt was the inevitable result. Egypt cannot afford to go on buying from Britain if she has not the sterling available for payment.

The British Government could have solved the difficulty of payment by releasing to Egypt some of the sterling balances which have been blocked in London. Instead of this, the British Government is still holding up the release of £10 million of the Egyptian balances which we are bound to release in 1954. This delay is simply foolish. Its object is apparently to penalize the Egyptians; but in fact it hurts us much more than them. As they have not got the sterling, the Egyptians have no alternative but to maintain the restrictions imposed on imports from the sterling area. Thus, by delaying the payment due, we are handing over to our German, Italian and Japanese competitors a market which for a generation has preferred British goods. The sooner a political agreement can be reached, the sooner we may expect an improvement of trade on both sides.

The problem is to some extent psychological—to get the public in Egypt to face the facts of their situation. For the past ten years practically all their politicians have fanned nationalist sentiment in order to escape criticism of their own domestic policies. The British have been the target for all sorts of abuse and it was a commonplace to stigmatize them as oppressors. Naturally there have been cases where the arrogance of individuals has caused resentment; but by and large the Egyptians who worked for British troops or British civilians were well satisfied, and Egypt's present prosperity is mainly due to the period of British administrative control. For thirty years Egypt has now enjoyed self-government, and apart from war incidents the British Government has never intervened in Egyptian politics. What we have sought is a stable and prosperous democratic régime, and the Egyptian political leaders know this very well. Their recriminations may probably be attributed to the inferiority complex which is so widespread in Egypt, and which fomented suspicion and self-deception.

The present régime has, unfortunately, done nothing to cleanse public sentiment from the effects of this propaganda, and it is thereby making its own task more difficult; it knows—or should know—the realities of the position and it should take steps to prepare public opinion for a reasonable settlement.

If it could arrive at such a settlement, it would find that any criticism from the extremists would be submerged by the wave of relief that a friendly settlement would inspire.

The Sudan

IN the background of the negotiations about the Canal Zone there have been recurrent echoes of events in the Sudan, sometimes serving as a *leit-motiv*, sometimes reverberating like distant thunder. The Revolutionary Government in Egypt wisely abandoned the formal claim for the "Unity of the Nile Valley", which had been advanced by previous régimes and endorsed by the Wafd Government in proclaiming Farouk "King of the Sudan" as well as of Egypt. In February 1953 agreement was reached between the Co-Domini to the holding of elections in the Sudan and to the constitution of a parliamentary Government which would decide, after three years, the future relationship of the Sudan with Egypt. In advance of the elections the Egyptians proceeded to poison the atmosphere with propaganda against Britain, and Egyptian money was freely spent to support their friends. The Egyptian Minister of National Guidance even made a tour of Southern Sudan and showed his affection for his oppressed Sudanese brothers by dancing with them in his underclothes. The elections were supervised by an International Commission, which satisfied itself that they were carried out honestly and without coercion. But the local tribal chiefs and headmen who could have best represented the views of their people were debarred, as being government officials, from standing for election, and the candidates were in many cases scarcely known to the electors. The main parties were, first, the Umma, an independent party headed by Sir Sayed Abdel Rahman, son of the Mahdi, with the support of his sect; secondly, the National Unity party, which was an amalgamation of the Ashiga pro-Egyptian party, led by Ismail el Azhari, and the Khatmia sect, the followers of Sir Sayed Ali el Mirghani, who feared that independence would lead to the ascendancy of Sir Sayed Abdel Rahman el Mahdi; and thirdly, a number of splinter groups and so-called Independents, including most of the candidates for the Southern Provinces. The result was a defeat for the Umma party and a majority for the National Unity party, swollen after the elections by the adhesion of most of the independents. Ismail el Azhari was invited to form a Government and at first apparently contemplated a Ministry consisting solely of the pro-Egyptian party—mostly men of Egyptian origin or descent. But Sir Sayed el Mirghani issued a statement reminding him that his followers had given their votes to the National Unity Party on the understanding that the party would maintain the independence of the Sudan and making clear that the Khatmia had no wish for complete union with Egypt. Sayed Mirghany Hamsa el Balla was then brought into the Government and given no less than three important portfolios—of Education, Agriculture and Irrigation—as representing the Khatmia. Mirghany Hamsa was a former Assistant Director of Public Works and is probably the only Minister who has had experience of the working of government administration. The Prime Minister is an ex-school-teacher; the Minister of Finance a former accountant; the Minister of Public Works a

former bank clerk, and so on. General Neguib came from Egypt to attend the first session of Parliament and was welcomed at the airport by an enthusiastic crowd of Egyptians and pro-Egyptian Sudanese. But outside was massed a demonstration of Mahdist tribesmen and serious riots followed, which claimed a number of victims, including the Chief of Police. As a result of this tragedy—provoked by the exuberance of Egyptian rejoicings at the result of the elections—a state of emergency had to be proclaimed and the opening of Parliament postponed, until the tribesmen could be dispersed again to their homes. But General Neguib and his pro-Egyptian friends in the seat of Government have had a grim reminder that the Mahdist party cannot be ignored.

All the principal parties declared in favour of the Sudanization of the administration and the retirement of the British officials as soon as possible. An abdicating ruler has no friends, especially in a country like the Sudan, where abdication is regarded as clear evidence of weakness. As soon, therefore, as the National Unity Party were shown to have a majority, there was a scramble by the independents to climb on to the band-wagon and obtain a share in the prospective spoils (and, perhaps, of Egyptian bounties). There is, however, little probability that the new Government will sacrifice any vital Sudanese interest to Egyptian pressure. The reactions in the country to any such surrender would be swift and bloody. The programme of the new Government is unexceptionable. It lists an immense number of social and economic improvements which it contemplates and its keynote is given in the following paragraph:

The main objectives of my government and their financial and economic policies will be the welfare of the people and the improvement and a levelling up in the general standard of living. In the immediate future, however, the furtherance of these policies must not be allowed to impede unduly the advancement of the National political objectives.

The Sudanization of the administration is to be pressed on, although it will be extremely difficult for many years to find an adequate supply of trained Sudanese officials and it will be interesting to see whether any effort will be made to attract Egyptians. The only direct reference to Egypt in the government programme is the statement that "the Government will seek an agreement with Egypt over a co-ordinated irrigation policy which will guarantee for the Sudan its fair share of the waters of the Nile". The apportionment of the Nile water is a question which affects the vital interests of both countries, and any negotiations on the subject are likely to be delicate and difficult. Arrangements are to be made to develop the Police organization and to expand the Sudan Defence Force so that it can not only maintain internal security but "shoulder responsibility for defence against any outside aggression at the time of the withdrawal of foreign troops from the Sudan".

The new Government will have plenty of difficulties to contend with in the realization of its programme: and it may be hoped that Ministers will be willing to take advice from the experienced officials still remaining in the Sudan and abstain from partisan policies so as to realize their aim of establish-

ing "a proper and honest national Government". But compromise is alien to the Arab character and the decision to displace the distinguished representative of the Umma party on the Governor-General's Council by a pro-Egyptian does not augur well for a non-partisan policy. As a result, both the Sudanese representatives on the Commission (to which the Governor-General may submit questions for advice) will be pro-Egyptians and the Egyptian representative can rely on a majority of the Commission to support his views.

For the time being the Governor-General retains responsibility for the maintenance of public order and his task will be anxious if sectarian feelings are inflamed. Hitherto a few battalions of troops and a small police force have been sufficient to maintain security in this vast territory; but, if the new Government disregards the views of the opposition, disorders are bound to arise and, if not dealt with effectively, may lead to civil war and general chaos.

Conclusion

IT would be premature to attempt to draw any definite conclusion from recent developments in Egypt and the Sudan; but they cannot but give rise to some rather sombre reflections on our own policies.

It is now some thirty years since, under pressure from Lord Allenby, the British Government conceded self-government to Egypt. When we agreed to self-government, we renounced not only our right, but our power to control the country. Up to the present, however, we seem never to have realized this fact, and we have continued to treat Egypt as an oversea possession—a little more than a colony, a little less than a Dominion. Duff Cooper, who as a young man participated in the Egyptian negotiations in the early 'twenties, and who cannot be suspected of the sin of "appeasement", says in his autobiography,*

Many of the failures of British statesmanship have been due to the reluctance of Ministers to deal with a problem so long as postponement was possible. Too often have we been forced in the end to accept an unsatisfactory and even a humiliating solution because we have refused at the beginning to agree to a far better one. Too often have we conceded grudgingly and too late much more than would have been accepted gladly and gratefully at an earlier date.

If that was true of the situation in the 'twenties, how much truer is it today. Had a settlement been reached immediately after the war, either with Nahas or with Sidky, our relations with Egypt and our prestige in the Middle East would be far better than they are today. The proposals which we have made were reasonable enough, and indeed would in many ways have benefited Egypt; but we have not been able to convince the Egyptians and, by stubbornly refusing to modify our plans to meet their views, we have made it more difficult now either for them to meet us or for us to retreat. Meanwhile, incidents on both sides raise tempers and no solution is in sight. We could, no doubt, take measures which would reduce Egypt to chaos, but no British

* *Old Men Forget*, by Viscount Norwich (Hart-Davis, 1953).

Government would wish to incur the responsibility of restoring order. It was precisely to avoid this responsibility that we gave Egypt her independence thirty years ago, and we have to abide by the consequences.

Despite our unhappy experience in Egypt, we have now agreed to create a parliamentary régime in the Sudan and to leave to it "self-determination". The Sudanese are even less mature for self-government than the Egyptians: indeed, many parts of that vast territory have no political consciousness. The people have been accustomed to look to the Government to govern; and the idea of "self-government" is to them a contradiction in terms. The attitude of the tribal leaders may be gauged by the comment of an old Wazir in Western Sudan on the plan for holding elections:

Surely, this is great nonsense—this talk of consulting the people and asking them to elect their representatives. If I have a valuable herd of cattle, I do not ask them to elect a representative bull—I send a trained herdsman to watch over their welfare. Mind you, if I let them run wild, in course of time a bull will make himself the master, but only after much fighting, and in the meanwhile the herd will be ravaged by lions and hyenas.

However, we have now launched the experiment and one must hope that the new Parliament will not merely reflect the sentiments of the urban population at Khartoum and Omdurman, but also the interests of the diverse tribesmen scattered over millions of square miles of hinterland. Fiery and explosive forces are working below the surface and the crust will be, in places, very thin.

It is not only in the Sudan, however, that we are attempting to plant parliamentary institutions, but throughout Africa. England, it has been said, is the mother of Parliaments; but she seems to be now engaged in producing a series of ill-conditioned bastards whose first aim is to bite the hand of their progenitrix. If in Egypt parliamentary institutions are far from firmly established, and in the Sudan they have still to be grafted on to a primitive type of community life, the Arab has a certain political tradition which the Bantu races of central Africa completely lack. There are, of course, a sprinkling of Africans who have been able to absorb European civilization, but they are exceptional men and in no way represent the mass of their people. These peoples have their own traditional systems of government, and if we wish to encourage their economic advancement and an improvement in their standard of life—as we claim to do—we must find some means of governing them more in accordance with native traditions and not by a parliamentary régime, for which they are as yet entirely unfitted. It may be hoped that, at any rate in those parts of Africa where British settlers can live, we shall leave the main political responsibility to them. Otherwise we shall not merely be dismembering the British Empire, we shall be restoring Africa to the jungle.

THE ECONOMIC OUTLOOK

FAR-REACHING REACTIONS OF STERLING

THE last issue of this Review contained some preliminary reflections on the conclusions of the Imperial Economic Conference, which had been held at Sydney in January. The report on the conference has now been supplemented by the new and important documents that effloresce in the spring and shed further light on the position of the United Kingdom, on co-operation within the sterling area and on association with western Europe. In this article advantage will be taken of the *Economic Survey*, 1954, the estimates of National Income and Expenditure, the report on the balance of payments embracing 1953 and the exposition of the Chancellor of the Exchequer in his budget speech, and the subsequent debates in Parliament.

The custom of holding periodical conferences between the financial authorities of the United Kingdom and of the States Members of the Commonwealth has everything to commend it. The United Kingdom, in virtue of tradition and by reason of its commanding position in world trade, holds the main reserves in gold and dollars which serve the purposes of the whole sterling area, and is responsible for their control and management. The States Members of the Commonwealth, which are content to leave this great responsibility to the Chancellor of the Exchequer and the Bank of England, are entitled to be informed periodically how affairs progress and what advance has been made towards the often declared goal of ending inflation and of bringing sterling back to convertibility and establishing in this conspicuous way its position as an international and universally acceptable currency. On their side the States Members of the Commonwealth have the opportunity of these periodical conferences to expound what they have contributed towards fortifying the balance of payments of the sterling area as a whole and to put forward their own ideas on what is required to strengthen the economy of the area along with any suggestions they may have for developing their own economies. The overseas territories of the sterling group all require for economic progress, agricultural and industrial, greater supplies of capital than they can themselves provide from their own resources. The United Kingdom has for decades been the source of the main supplies of their external capital. But in these days of high consumption at home, vast, though inevitable, defence expenditure and exaggerated taxation involving reduced savings, capital available in London for investment overseas is inadequate to meet all demands. Canons must be laid down for a determination of priorities. There are also possibilities of inducing capital to come forward from outside the sterling area, particularly from the United States.

The purpose of these Commonwealth economic conferences transcends, however, the wide-flung range of the Commonwealth itself. No currency question affecting sterling can avoid the issue of its relation with the dollar, which lies at the heart of the balance of payments. But at the moment the

United States is going through a phase of industrial recession or readjustment. What are the likely effects on American imports from the sterling area and by consequence on the sterling area's earning of dollars? It would certainly be unreasonable to expect that American industrial activity should continue to grow from year to year without occasional pause. We know what happened to the frog in the fable who went on blowing himself out until he burst. Occasional letting out of steam and taking breath are necessary to health. In 1949 what proved to be a moderate and temporary recession in the United States contributed to the heavy devaluation of the pound and of other European currencies. The capacity of sterling to stand up to any shock that may be encountered now or hereafter would provide one of the tests of the improved monetary health which can be recorded since 1951.

But British economic documents nowadays extend their vision not only to the constituent members of the sterling area and the United States but also to Europe, which, with its overseas territories such as the French Union and the Belgian colonies in Africa, provides favourable opportunities for developing fresh and alternative sources of supply for imports still largely drawn from the dollar area. The community of interest of the United Kingdom, European countries and the overseas territories is already exemplified by the creation since the war of various inter-European bodies, which in different ways are concerned with their relations in the economic and financial fields and the possibilities of expanding them for mutual advantage. The importance of these potentialities is shown by the active part now being taken by the Organization for European Economic Co-operation (O.E.E.C.), the Council of Europe, responsible for the Strasbourg plan, the Economic Commission for Europe (Geneva), the European League for Economic Co-operation (Brussels) and the European Payments Union. Within these organizations an increased interest is now being taken in the possibilities of East-West trade, which might contribute towards reducing the dependence of Europe on imports from the dollar area.

The Balance of Payments

THESE introductory remarks cover the main issues that confront this country and western Europe and the overseas territories and indicate the importance of facing them in co-operation. In the following paragraphs it is proposed to discuss them under different heads, though the various aspects of the sterling-area problems interlock. Economic stability is essentially a unity, but it is a complex unity with interconnected factors. To bring order into the whole, the parts must be in good order too. We may for our present purposes examine successively the groups of questions that fall under certain categories:

- (1) On the external side—the balance of payments and the reserves, which are immediately related to convertibility.
- (2) On the internal side—the conquest of inflation, stability of prices and the costs of production.

- (3) Investment at home and in the Commonwealth and the development of savings.
- (4) The commercial balance with Europe as shown in E.P.U.
- (5) The influence of the United States economy on the sterling area and European economics.

At Sydney and in his budget statement the Chancellor of the Exchequer was able to give an encouraging account of the year's experience. But in its official report the Conference recognized that "much still remains to be done". In his review to Parliament Mr. Butler underlined the same point in an important phrase, "The great weakness of the free world was that it had not made enough progress in the solid basis of its economic and financial policies together." This provides a suitable train of thought which we shall seek to apply in examining successive phases of the problem.

When the present Government took office towards the close of 1951, a balance-of-payments crisis was in full swing. The devaluation of 1949 had given no permanent relief. Inflation was exerting its baneful influence. The pound was losing confidence in world markets. The situation reflected the unsatisfactory effect of relying excessively on regulations and restrictions under peacetime conditions and of neglecting proved methods of monetary control. The raising of bank rate to $2\frac{1}{2}$ per cent from the non-effective 2 per cent that had endured for many years showed that the new Government meant to essay a new line of approach. Steps were also taken at once to bring credit under somewhat greater pressure by a reduction of the volume of Treasury bills held by the banking system. In the spring of 1952 bank rate was raised to 4 per cent. The most imperative evidence of the need for drastic action was shown by the wilting of the gold and dollar reserves of the sterling area. These had fallen from \$3,867 million in June 1951 to \$2,335 million at the end of December 1951 and continued to fall (at slower tempo) till June 1952 when they amounted to \$1,685 million, representing only £602 million. Thus the first duty upon the Government at the close of 1951 was to arrest the danger threatening the future of the currency. It was to be confidently expected that success in the task of first checking the fall, and later building up the strength of the reserves, would reveal itself in various ways. Confidence in the pound would return. The purchasing power of money would become more stable. Savings would be stimulated. A system of freer trading and payments would become possible. Considerable progress has been made in all these directions.

By the close of 1952 the international reserves had risen to \$1,846 million and by the end of 1953 to \$2,518 million. This welcome trend continued in the early months of this year and the figure rose on April 30, 1954, to \$2,820 million (about £1,000 million), the highest figure since November 1951.

This is satisfactory so far as it goes. But it is not enough and the insufficiency of the reserves is one of the reasons for the slow approach to convertibility. It may be noted that in the year June 1951 to June 1952 the reserves dropped by about £780 million, while from June 1952 to April 1954 the

amount recovered amounted to about £400 million, that is, roughly half the earlier loss. In 1953 the United Kingdom surplus in its transactions with all areas amounted to £225 million as against £255 million in 1952. In view of the scale of transactions there is not a great difference between the final results of the two years, though they embody important variations of detail. But the figure for 1953 falls considerably short of the £300 million which had been suggested as the desirable objective, and this is by no means excessive at the present stage.

Various helpful factors operated in the past year. The terms of trade, that is, the relation in the movement of export and import prices, were advantageous to the United Kingdom and the balance of payments may owe £200 million or more to this trend. There is, of course, no guarantee that it will continue. Indeed the prices of certain metals and other commodities have recently shown a tendency to rise. This, however, is not all on the debit side, since the sterling area is a large exporter to the dollar area of such basic commodities as rubber, tin, wool and cocoa. Again, while American policy is directed to the ending of dollar economic aid as such, United States military policy and the financing with dollars of materials supplied from Britain for European defence have provided valuable dollar resources.

On the commercial side there have been divergent influences at work. First, one cannot overrate the importance of the reliberalization of the British import trade in the course of the past year. The Organization for European Economic Co-operation had prescribed for 1952 a 75 per cent standard (based on 1948 figures) for the exemption of imports from quota control; but, owing to the currency crisis of 1951-52, the British percentage had to be heavily cut. The cut has now been more than made good, and some 80 per cent of British imports are now exempted from quota control. This has been a great relief to our trading partners on the Continent, who at one time feared that the move towards convertibility might be accompanied by trade restrictions, which would have borne hard on their export industries and might have threatened to disturb employment. On the other side one must not ignore the fact that dollar imports are subject to a certain discrimination and it is impossible to predict when it may be practicable to dispense with it. This depends on many considerations. There are various possibilities for reducing the dependence of the United Kingdom and western Europe on dollar imports, either by increased production at home or in the associated territories overseas or by increased imports from other non-dollar sources. Again, though this seems highly improbable at the moment, the United States might itself undertake measures proper to a great creditor economy, such as radical changes of tariff and customs procedure, which might facilitate imports from Europe and elsewhere. But at the present time Europe must conduct its affairs so as not to take dollar goods and services beyond the total that it can afford to buy from current dollar earnings as well as to allow for the accretion of the reserves.

One may conclude that the experience of 1953 included some favourable and some distinctly uncertain factors. The balance-of-payments situation continued the improvement recorded in 1952, but the extent has been slower than

one might wish if the return to convertibility is to be other than a very leisurely and indefinitely protracted progress. It seems fair to suggest that the combined effect of monetary and budgetary discipline has been rather too gentle. An attempt will be made to test this impression by a study of the movement of prices and the fight against inflation. At the same time it would certainly be a mistake to belittle the achievement of 1953, which has seen the transferability of currency extended, the import trade reliberalized, various commodity markets opened, of which the gold market is the latest, and real, if not sensational, progress made in reconstituting the reserves.

Inflation and the Movement of Prices

WHILE the balance of payments embodies the essence of the external problem of the United Kingdom and the sterling area, it has to be linked with what the report on the Sydney Conference described as the maintenance of "sound internal policies and the need to restrain inflation". It is the purchasing power of the pound in the internal market, whether this is measured by an index of commodity prices or by the cost and output of a unit of labour, that determines the competitive character of British exports, including invisible exports and services of all kinds that enter into international financial relations. Thus the external and internal aspects of monetary policy, though distinguishable, are essentially linked together. It is necessary to form a view on the degree of success achieved since 1951 in conquering inflation and maintaining the stability of the price level.

There has been a great improvement as compared with the position between 1945 and 1951. Even if allowance is made for the difficulties of transition from a war to peace economy, the record of the early post-war period, with the practically continuous inflation and the events that led up to the heavy devaluation of 1949, is not one that evokes satisfaction in retrospect. The achievement since 1951, aided though it has been by some unexpectedly favourable features, presents a happy contrast. It is right to dwell on the improved stability in the purchasing power of money. From October 1952 to February 1954 the index figure of retail prices had only risen by $1\frac{1}{2}$ per cent, and for the seven months ending February 1954 the official statistics showed no change. For last March the figure rose slightly to 141 (100 representing the level of June 1947), and coincided with that prevailing from April to July last year. This welcome degree of stability has been realized notwithstanding that the wage and salary bill for 1953 was 6 per cent higher than in 1952. Fortunately, as the *Economic Survey* points out, "the effect on industrial costs of the increases in the wage and salary rates in 1953 was very largely offset by the increases in output per man-hour which accompanied the rise in production". This rise in production was one of the most encouraging features of the year, when the gross value of home production was estimated at about £14,500 million as compared with about £13,500 million in the preceding year. In the main the rise was not the product of higher prices but represented real gain in output. Here help was given by the reduction of raw material costs due to the decline of import prices. On

this point the Economic Survey makes the relevant comment that "in assessing the prospects for the balance of payments of the United Kingdom and of the sterling area in 1954, the greatest uncertainty surrounds the movement of prices".

The coincidence of increased earnings and relatively stable prices in 1953 invites comments on associated factors in the economy. It has been shown that a very high degree of monetary stability is not incompatible with the maintenance of a high standard of employment, in contradiction of the contention of some that full employment postulates a slow and controlled inflation. Comparative figures show that at the end of 1953 about a quarter of a million more persons were engaged in civil employment than at the end of 1952, and that in December 1953 the percentage ratio of unemployment was only $1\frac{1}{2}$ per cent of the employed population as compared with 1.9 a year previously. These are abnormally low figures and it may be asked whether they are consistent with the mobility proper to an expanding economy.

With the increase of wage and salary payments personal consumption increased in 1954, and this is particularly interesting in regard to expenditure on food, where the position was eased by the reduction of rationing and the availability of not only greater quantities but also greater varieties of supplies. People are living better than they were a short time ago. Eight years after the end of the war, with the essential readjustments completed, they might well expect, and are entitled, to do so after the long years of privation. But the situation may easily produce the illusion of a material increase in the cost of living, even if this contradicts the official and objective statistics.

Important considerations arise when it comes to assessing the future of the balance of payments and the competitive costs of British exports in a world where the growing rivalry of German and Japanese production has to be taken into account. The tendency of the wage rate to rise despite the relative stability of prices has a bearing on the prospects, which of course involve the question of maintaining the desirable high level of employment. In the last few months the country has been faced with a long series of wage demands affecting the fuel, transport, building, electrical and other important industries. Increases in the price of coal and of transport, which have reactions throughout industry, may have a serious effect on British competitive costs and the chances of bringing about some reduction in the cost of living. It is not therefore surprising if demands for wage increases that may in themselves seem moderate provoke so much difficulty. There is everything to be said for a high rate of wages provided that two conditions are fulfilled. First the raising of the wage rate should be associated with the raising of the productivity rate and increased efficiency, which will lead to a lowering of the cost of the final product per unit and thus help to further exports. This is the country's prime need at the present time and, unless this is constantly borne in mind, the twin dangers are that our goods may price themselves out of the world market and so tend to create unemployment, and that the enjoyment of increased purchasing power may lead to an excessive growth in internal consumption. The second requirement is that a rise in the

wage-level should reflect a true rise in real value and not merely a higher rate of weekly payments in terms of depreciating money.

There is in these arguments an important moral, which points in the same direction as that deduced in the discussion of the balance of payments. The lesson is that it is not sufficient in present conditions for the official price indices to show an unchanged cost of living: the public must feel by its own experience that it is unchanged and that means that it must be demonstrably lower, even though only by a small amount, if the kind of industrial unsettlement experienced in recent months is to be avoided. So long as basic costs such as those for fuel and transport continue to rise, it is not possible to hold that inflationary tendencies have been defeated. While one can readily admit that in the fairly favourable conjuncture of 1953 inflation has had its edge blunted, the achievement has fallen short of the objective. The volume of internal purchasing power, which was expanded by the budget of 1953, turned out to be somewhat greater than was justified by the increase of production. We shall return to the point in commenting on the budget for 1954, but must first consider a few connected issues.

Savings and Convertibility

NOTHING is more important to the development of British industry than a stream of adequate investment for improving and modernizing plant and equipment. In the last resort the volume of practicable investment, assuming inflation to be barred, depends mainly on national saving. This implies, as indicated above, a curb on consumption. As regards personal savings the position in 1953-54 was better than in the previous year. Small savings are estimated to have risen by about £50 million and the excess of withdrawals over receipts dropped from £118 million to £63 million. While money was losing value, it could scarcely be expected that saving would exert a strong general appeal. But looking at the figures of investment in the wider sense one cannot but admit disappointment at the small and sluggish advance in new investment in plant and machinery, where the growth in 1953 as compared with 1952 was estimated at only £10 million. Of the increase of some £215 million in fixed investment in 1953 over half was due to housing, which though highly desirable is not directly productive. The root of the difficulty here is first the fearful toll that taxation continues to levy on the national income, which carries the double burden of inevitable defence and social service expenditure. The demands of central and local authorities continue to take about 40 per cent of the national income. Secondly, when the industrial machine, that is, plant and labour, is working at nearly full pressure, there is a dearth of resources to be brought into play for fresh investment. It is a question not of money but of real resources, of which as remarked above such a large proportion is absorbed in the housing drive and also of course in rearmament. Some relief in these two fields would have a large effect on capital investment in productive industry, which is so necessary for the further increase in exports. Here also a somewhat stricter control of money supplies in 1952-54 might well have played a useful part in diverting outlay from consumption to investment.

There has indeed been a very considerable achievement over the past two years towards the rehabilitation of sterling—triumph over the crisis of 1951, stronger reserves, trade liberalization, a fair stability of prices, a simplification of currency controls, the reopening of commodity markets are all important stages on the journey. But as the Government representative said in the House of Commons on April 9, "The whole policy would not be complete until the pound sterling was once again a convertible currency." This still appears to be a somewhat distant goal. The preceding comments have been directed to suggesting in no ungrateful or carping spirit why progress has not been more rapid.

The financial relations of the sterling area with Europe have, especially during the period of non-convertibility with the dollar, an important bearing on future developments. There has been in recent years a marked improvement in the stability of many Continental currencies and one may cite as conspicuous instances, outside neutral Switzerland, Belgium, Holland and Western Germany. The European Payments Union has in recent years helped to secure effective currency transferability between the sixteen countries associated in the Organization for European Economic Co-operation. In 1951 the sterling area had a deficit of £338 million in the European Payments Union; and though the figure was much smaller in 1952 and a small surplus was achieved in 1953, which is continuing into the early months of the current year, there is a long way to go for the re-establishment of a normal situation. In this field sterling has a cardinal rôle owing to the part it plays in the finance of European trade, and even if, as seems to be the case, various European countries are getting ripe for general convertibility, there is a natural reluctance to take this step until sterling has led the way. Thus here again we find confirmation of the view that sterling should be kept relatively scarce and therefore stronger. It is essential that the reduction of Bank rate on May 13 should not be allowed to promote inflationary tendencies. It has to be remembered that sterling convertibility requires that supplies of sterling should be closely related to the actual needs of international trade and payments. The authorities would also have to accept the obligation to defend it with energy. Here something more than reserves is necessary.

Where does the dollar stand in relation to all these matters? The important fact at the moment is that for a number of months the United States has been experiencing some decline in industrial activity. This may be of the order of 10 per cent as compared with the post-war peak. The recently issued Randall report with its various dissents, and the general tenor of American opinion, do not foreshadow any early change in fundamental trade policies which would facilitate the earning of dollars by any greatly increased acceptance of European manufactures. A period of recession is in any case not one that would favour a new policy, however appropriate this might be for the greatest creditor country in the world. No doubt America will continue to use the influence of G.A.T.T. (General Agreement on Tariffs and Trade) in the direction of lower duties everywhere, and it seems that when a decision is taken to restore convertibility for sterling, rightly regarded by the Randall commission as a "key" currency, credits (which must be carefully

distinguished from grants) might be forthcoming from the International Monetary Fund and the Federal Reserve system. Meanwhile the sterling area—and the same is true of Europe also—must rely on its own monetary and budgetary policies to develop further the improved strength of the last two years. There is positive evidence of this improved strength in the resistance made by the sterling area and by Europe to the current set-back in the United States, which is of the order experienced in 1948–49 when it contributed to the heavy devaluation of sterling and other European currencies. The policy of reducing dependence on imports from the United States is reflected in the fact that whereas in 1949 the monthly average value of imports from the United States by member countries of O.E.E.C. amounted to \$373 million, this had fallen to \$331 million in 1952 and to \$248 million over the first nine months of 1953. European exports to the United States have also held up unexpectedly well and their monthly average value has risen from \$156 million in 1952 to \$175 million for the first nine months of 1953. In the current year British exports to the dollar area have also been well maintained, the figure for the first quarter of 1954 being above the monthly average for the first quarter of 1953. There are thus good grounds for encouragement regarding the improved capacity of the non-dollar world to stand up to variations in the tempo of American industrial activity. It is of course the hope and the policy of the American administration that the present recessionary phase should soon be brought under control, and measures are in hand with this purpose in view.

General Conclusions

NOW we can, in conclusion, consider briefly the policy of the recent budget in relation to the issues discussed above. The Chancellor of the Exchequer described it as a “carry-on” budget after the incentive budget of last year. In essentials it was a “no change” budget and for this reason calls for little remark, since its major aim was to develop further the policies that have produced many satisfactory results over the past two years. If one is disposed to criticize the budget of 1953 with its substantial tax reliefs as prematurely and excessively reflationary, one may consider the budgets of 1953 and 1954 together as constituting a single policy. With all the liveliness taken up in 1953, an unexciting budget was indicated for 1954. In the circumstances this was its great virtue. Without incurring the risk of fostering inflation anew there were no resources to dispose of this year for the solace of the overburdened taxpayer. One must hope that by favourable developments in productivity at home or in the international climate, which might bring about a reduction in defence outlay, the way may in time be opened for the relief of the supercharged economy and that the growth of production may lead to an increase of exports on a competitive basis and to an improvement in the purchasing power of money. The best chance of arriving at this result has been given by a budget that carries on the work achieved hitherto and leaves industry, in the popular phrase, to get on with its job without fresh discomfiture from the State and with a new investment allowance as a token of encouragement from the Chancellor of the Exchequer.

AMERICA'S POLITICAL CIRCUS

THE THREE RINGS

ONCE more American affairs have taken on the aspect of a three-ringed circus. There is a great temptation to watch only the ring in which sensational death-defying feats are taking place, and to ignore the serious and constructive tasks being performed in the others.

In the lurid ring, of course, is the Senate investigation of the dispute between Senator McCarthy and Secretary-of-the-Army Stevens, and their associates. This dispute is actually between the Wisconsin Senator and President Eisenhower. It is a battle for political supremacy. As this is written, the hearings have just concluded their second day and it is apparent they will be prolonged, tough, and perhaps inconclusive. Most of those who believed in Senator McCarthy before the hearings began may believe in him when they end. Part of his following, at least, is very faithful. But if this correspondent were to risk a forecast, it would be that a considerable part of the American public will in the end turn from the demagoguery and arrogance of Senator McCarthy, and that his days of great power are numbered.

But it is a great mistake to concentrate entirely on the McCarthy sensations. In another ring is the rapid and fundamental re-examination of American foreign policy which has been taking place. The "massive and instant retaliation policy", if it ever had any meaning, has now been replaced by a more conventional intention to resist Communist aggression wherever and in whatever terms it can be resisted. We are back, to a considerable degree, where American policy has been ever since the application of the Truman Doctrine to Greece and Turkey. But the evolution and forming of American policy is very important. And it is still in process of re-definition.

In the third ring is the question of American economic stability. While the domestic economy is still rather soft, and the business hesitation which has been noted since the first of the year may continue, there is no sign whatever that we have embarked upon a grave recession. Many elements of strength persist in the economy, government spending in terms of a massive defense program continues. Some readjustment from the record-breaking highs of 1954 was inevitable and healthy. There is no reason to cry disaster over the American economy.

The principal element of concern in the United States relates to the thermonuclear bomb and the danger of global war. But scarcely second to this concern is apprehension at the continuation, and loss, of important skirmishes in the cold war. It would seem that a majority of Americans incline to the conclusions expressed by President Eisenhower, Sir Winston Churchill, and many others, namely, that the indescribably horrible nature of thermonuclear and atomic weapons is itself a major deterrent against global war. It is believed that today no Power could reasonably calculate that it could win a global war. Therefore, since historically most Powers have felt their chances

to win a war were excellent before starting it—or at least felt that losing a war would not involve disastrous consequences for the nation—people conclude that neither the Soviet Union nor the United States is likely under present circumstances to take action certain to lead to global war.

Of course, in terms of this thesis, it remains necessary for the United States and its allies to retain the clear capacity to make any attack upon them suicidal for the attacker. The power of retaliation must continue to exist. On this basis, and with heavy hearts, Americans continue to support the atomic and thermo-nuclear programs.

If there is not much danger of a global war, as long as these conditions remain, nevertheless Americans have grave fear that we and our friends may be suffering severely through the minor wars and penetrations which constitute the cold war. Greatest anxiety, naturally, has existed about the fate of Southeast Asia. Again events are hot from the crucible as this dispatch is written. But President Eisenhower and Vice President Nixon have forcefully reminded Americans that the loss of Southeast Asia would be grievously injurious to the United States. The first stake, as Americans see it, is Japan. If Japan's rice supplies are lost through the disappearance of Southeast Asia behind the bamboo curtain, then Japan itself could not be kept long out of the same area of influence. And the capture of Japan's industrial power by the Communist forces of the world would be most serious. Similar pressures, it is recognized, would be exerted upon all the lesser States of Southeast Asia and on India. These dangers, it is realized, would not happen all at once. But Americans are beginning to think in terms of half-decades and decades, as the Communists have always done.

When Vice President Nixon in a calculated indiscretion told the nation it might have to support the use of American ground troops in Indo-China, he was heard with mixed feelings. Here was the Administration which had made so much of ending the Korean war—it was a principal theme of the Republican campaign in 1952—virtually reversing itself. Mr. Nixon even admitted, in the light of hind-sight, that it might have been a mistake to end the Korean war, so soon and so indecisively.

Americans are not breathing fire, as this may sound. They are no less eager for peace in Asia than the hard-pressed and long-sacrificing French or British. But many of us know that Communism's march in Asia must be stopped, just as it was stopped in Greece and Turkey and Berlin. We have little confidence in the terms on which France is fighting in Indo-China. It is all too evident that the people of Indo-China have little heart in the struggle. There is a deep-seated feeling here that the major problem in Indo-China is political rather than military. It seems clear that the Indo-Chinese people must themselves be enlisted on the side of the struggle against Communism. As long as French policy does not offer independence to the three Indo-Chinese States on terms that persuade the people of this possibility, Americans feel the war is doomed to futility or failure. This view is increasingly pressed in Congress.

Americans have failed to understand the possibility of partition as a solution in Indo-China. There is no support for such an experiment. We are

deeply wary of a settlement that might be another Munich, leading to total defeat in Southeast Asia. We are equally concerned at getting drawn into ground conflict which would lead to prolonged and indecisive sacrifices. We are well aware of French and British desires to end the Indo-Chinese war by negotiation, but we are doubtful that the Communists, whether Chinese or Russian, are in any mood to agree to a reasonable solution. Perhaps the Geneva Conference will change the picture hopefully. If so, Americans will be exceedingly relieved. But at the moment the outlook in Southeast Asia fills us with deep foreboding.

Party Politics and Leadership

IT is impossible to forecast the outcome of the Eisenhower legislative program. The death of Senator Taft is more and more clearly seen as a great disaster. The Republican leadership in the House of Representatives is relatively skillful. But the Republican leadership in the Senate is insecure and wrong-headed. Senator Knowland, the serious and dogged man selected by Senator Taft to be his successor, follows his own deeply pro-Chiang-Kai-shek concepts without conforming his views to the Administration whose forces he is supposed to be leading. No other Republican Senator or Senators have come forward to take legislative control.

The Democrats, with their one-vote margin in the Senate and their hair-line minority position in the House, naturally have their eyes on the mid-term congressional elections in November 1954 and the presidential election in 1956. They are willing to cooperate broadly with the Administration on measures that are of national and world importance, but they are naturally unwilling to give the Republican party any aid and comfort. As things stand now, it is entirely possible that the Democrats may gain majorities of both Houses in November. Then President Eisenhower would have to cope with hostile party majorities but not necessarily hostile positions on most of his policies. In fact, the Democrats have sometimes given him greater support in the present Congress than the Republicans have done.

The real fact is that American party politics badly need reshaping. A pro-Eisenhower majority could be constituted in Congress, if we were not troubled by our vestigial parties. On foreign policies it might include about four-fifths of the Democrats and one-third of the Republicans. Many of the other Republicans would support the President on most domestic issues, but would oppose him on controversial foreign-policy matters. But such support and opposition would be very fluid. One cannot say, for example, how Congress would vote on the delicate matter of cutting taxes. Most Congressmen want to cut taxes in an election year and a period of business uncertainty. But they know that cutting taxes will further unbalance the budget. Probably there would not be a majority to support the President in a stern program to balance the budget by means of keeping high taxes.

In the end, it is entirely possible that the legislative harvest in 1954 may be fairly extensive and constructive. Congress knows that the voters will judge them severely in November on their record. The spade-work needed in getting the departmental appropriations bills through Congress is now under

way. Once it is accomplished, other elements in the program can be taken up. There is still a chance that a considerable part of the ambitious schedule the President advanced in January will be enacted. But the odds are not good.

The Sensational Ring

THERE are too many distractions. And the major distraction, of course, is what is going on in the sensational ring in the circus: the McCarthy ring. The root cause of the McCarthy problem is that the American people, and their legislators, feel insecure and frustrated. For the first time in history, we could well be subjected to major enemy attack on our home land. This is a new sensation for Americans. For the first time we have fought an inconclusive war—in Korea. For the first time we face challenges and uncertainties which go to the very depths of our national being. For the first time we are aware of the dangers of treason and subversion. It came to us as a great shock that such things were possible. And so no doubt we greatly exaggerate their dangers. Our very distance from the jaws of danger permits us the luxury of jitters.

On top of all this, Senator McCarthy is an individual of great talents as a publicist, a prosecutor, a demagogue. Rarely has a man of such formidable and sinister skill come forward in our national experience, and all this equipment is magnified incalculably by the mechanics of mass communication. Moreover, the Senator found weak spots at which to direct his shafts. There were security risks in government. They had been weakly and ineptly handled. It is not accurate to call Senator McCarthy a witch-hunter because in this case there are witches. That is the chief trouble.

It is possible, of course, that the committee hearings now testing the Senator in his relations with Secretary-of-the-Army Stevens will be conclusive. But it is unlikely. Yet it is incontestable that somebody is lying, and Secretary Stevens and his associates have presented—thus far—a much more impressive and logical case. (This may or may not still be the situation when these words are read.)

It would seem that in the end there can be only one conclusion to the power struggle between Senator McCarthy and the forces of decency in American government. The independence of the executive branch of government, surely, cannot be destroyed by a legislative freebooter. One single Senator, surely, cannot indefinitely terrorize most of his colleagues. But just how the drama will be played out, and what the terms of the inevitable decline of McCarthy power will be, are unforeseeable.

The depths to which the canker of fear and suspicion has eaten into American thinking are well illustrated by the case of Dr. Oppenheimer. Here the fault lies with the Eisenhower security rules, which call for the investigation and evaluating—*anew*—of every man in a confidential position. Even Chief Justice Warren was examined by this process before the Senate confirmed his elevation to our highest judicial post. That a State Governor, a deeply respected public figure, should be subjected to a police and detective investigation is perhaps a degrading state of affairs. Yet we

know that we face a sinister world conspiracy which would worm its way into every position it can. We have had the defections of atomic scientists and diplomatists. How can we set up rules and procedures which will do all that can be done to protect us against subversion and espionage, but which will not also violate our highest concepts of common sense and decency? It is not an easy problem.

(In some cases the investigative process is intelligent and considerate. A personal illustration: your correspondent, while a professional journalist, has for five years held an unpaid appointment on an advisory commission, created by Congress, appointed by the President, confirmed by the Senate. Under the new security rules, he had to be investigated. One day an investigator presented himself at your correspondent's house, where his wife was at home alone. The investigator said: "I am an investigator for the Civil Service Commission, looking up your husband. It is my job to go to your neighbors and ask them questions about him. One of them will certainly telephone you and tell you all about it in five minutes. Do not be disturbed. It's a routine investigation. And, by the way, which neighbors know you best?" Your correspondent's wife suggested the suitable neighbors; they did indeed telephone in great excitement; but the whole business went off in this reasonable manner.)

Under the security rules Dr. Oppenheimer had to be investigated. And among the data in his file were the unchallenged facts that for several years he had been closely associated with Communist circles, his wife is a former Communist, and—it was charged—his known position in opposition to expedited construction of the hydrogen bomb could be construed as in the Communist interest. Actually, on the last point, it has been clearly shown that numerous thoughtful and patriotic persons took the same view. There has been a great rallying to Dr. Oppenheimer's defense by a large group of responsible and authoritative people. It would be very surprising if he were found to be a security risk; it is already agreed that no question of his loyalty arises.

The President's action in cutting off Dr. Oppenheimer from all further classified information has been debated. It was called for under the law. But it was absurd all the same. Dr. Oppenheimer carries around in his head more classified information than he could be told in a year's time. If the review board should unexpectedly find him to be a security risk, a very neat question arises of what should be done with him! Of course, nothing would actually be done with him. He would go on teaching at Princeton University. But logically, if he is a security risk, he should be isolated from all contact with the world, just because of what he knows already. The situation becomes doubly absurd, but there is every hope that sanity will prevail in the decision.

Awareness of Dr. Oppenheimer's immense contribution to the cause of freedom in the world, his great genius as a physicist, as a philosopher, and as a citizen, is being enhanced by the incident. But it remains unsavoury. It should not have happened. Yet, once the original and inescapable decision to apply the regular rules to Dr. Oppenheimer was taken, it should be said that the case has been handled judicially and considerately.

Perhaps the combination of the Oppenheimer and the McCarthy cases will serve to bring Americans to their senses and let fresh air flow through our national windows again. The situation should not be exaggerated. Americans hear that Europeans and Asians believe that much freedom of expression has been denied here and that we live under a reign of terror. This is really nonsense. Some have suffered. Perhaps some of the people dismissed from government service were innocent of any wrong-doing. But, it may be added, there was a change of Administration and part of the dismissals, at least, were the natural turnover in a system where the civil service does not reach very high in the job ranks, and where many civil servants do not understand so well as they should the need to keep themselves entirely free from partisanship.

Some members of university faculties have suffered. But there had also been a degree of academic irresponsibility which needed curbing. Liberals, too, had been guilty of a form of book-burning and suppression of ideas. Conservatives are having their day, to some degree at least. The atmosphere is not poisoned, even if it is sometimes uncertain. We are still, surely, in a period when the traumatic experiences of a world war won and yet not won, a peace not made, a cold war continuing and widening, are the explanation of popular uncertainty and emotionalism. The unwelcome challenge of world leadership knocks disturbingly.

But through it all, President Eisenhower retains to a remarkable degree his idealism, his poise, his practical judgment. His morale is good, his understanding of his job deepens, his Cabinet gains experience. Devices like the National Security Council are working better at the analytical and policy-making level than ever before. There are many reasons to believe that the United States will not fail in its world responsibilities, however much it may have to learn.

United States of America,
May 1954.

RECONSTRUCTION IN KENYA /

THE PROSPECT BEYOND MAU MAU /

KENYA seldom enjoyed much publicity before the war outside the gossip columns of the fashionable weekly press. Today the obscurity of the past seems infinitely preferable to the feverish notoriety of the present. The colony is like a patient suffering from a mysterious tropical disease in the ward of a London teaching hospital. Each day an excited crowd of physicians and students throng the bedside, each evening a new diagnosis is pronounced, each week a fresh treatment is tried. In the end the patient's natural vitality and will-power produce the cure.

During the last eighteen months Kenya has been intensively examined both by a Royal Commission and by a delegation of United Kingdom Members of Parliament. Anthropologists, journalists, social researchers and itinerant politicians of various nationalities have analysed, probed and in due course recommended nostrums of their own. The Mau Mau rebellion has been looked at through European eyes, American eyes and Asian eyes. Solutions have been suggested against the background of the social and political experience of most parts of the world except Africa. The only people whose diagnosis tends to be ignored are those who approach the problem with an intimate knowledge of that eerie continent itself.

The savagery and secretiveness of the Mau Mau movement are characteristically African. In adapting the traditional ceremonies of the Kikuyu tribe to their own nefarious purposes the leaders of the movement have cynically violated the normal tribal taboos. But that does not alter the fact that their success has been due to their unscrupulous exploitation of primitive belief in witchcraft and in the power of the supernatural, combined with the African's almost mystical devotion to the soil of "Africa, our Mother". Mau Mau is clearly the creation of African minds determined to fasten their hold on the masses of the African people. It is not the first movement of its kind to make its appearance in eastern Africa. The "Maji Maji" rising in Tanganyika before the First World War and the more recent Dini ya Msambwa, although differing from Mau Mau in many respects, are both examples of the sudden reaction of African peoples against the ideas and disciplines of the West.

Although East Africa cannot yet compare with the progress and stability of West Africa, an inexplicable reversion to the primitive is not impossible even in a territory like the Gold Coast. A distinguished Marshal of the Royal Air Force recalled recently, on arriving at a large modern airport in Nigeria, that the first time he visited that particular spot on foot he was greeted with a shower of poison arrows loosed by local tribesmen hidden in the bush. Such is the tiny span of African history. It is inevitable that the spiritual and material revolution through which the people of Africa are now passing should cause them occasionally to kick against the pricks. Seen in the longer

perspectives of historic evolution, the Mau Mau rising has little more significance than the Matabele War. Indeed, so far from being a permanent setback to the progress of Kenya it may, by high-lighting the real problems of the colony, make that progress eventually easier to achieve.

The Royal Commission

WHATEVER recommendations the Royal Commission may make with regard to economic and social reform in East Africa, their labours will achieve little until practical steps have been taken to put their proposals into effect. When that time comes the authorities will almost certainly face the inevitable dilemma of deciding how far the reform of land tenure, for instance, must be carried out by compulsion and how far they can rely on the lengthy and expensive process of education. In certain respects the emergency has forced the Government to introduce vital reforms already, using the special powers which it has assumed to deal with Mau Mau. Whatever the Royal Commission may recommend, it will be neither possible nor desirable to modify the Kenya Government's plans for the stricter administration and control of the Kikuyu reserve, which the emergency has forced on it. Indeed it is possible, not only that many of the Royal Commission's recommendations have been anticipated, but that greater progress has been made in carrying them out than would have been likely had the colony been enjoying normal conditions.

While it is totally wrong to give the impression that the Mau Mau emergency has reduced the potential value of the Royal Commission's work, it would be equally wrong for the Government to delay beginning the work of reconstruction until such time as the report has been issued and considered by Parliament. Speed in reconstruction is the essence of Kenya's present problems, and the Government should use to the full the special powers granted to it for the emergency, so that the revolutionary reforms which are so essential can be given a flying start. Certain important changes are now taking place in the pattern of African life in the reserves, which can be completed under present circumstances in five years and which in normal times would take nearer fifty.

Village Units

THE need to provide protection for loyal Kikuyu Home Guardsmen and to exercise greater administrative control over the tribe generally has led to the concentration of increasing numbers of the population in village units. Round individual Home Guard posts are gathered for safety the womenfolk and families of the loyalists. On the fringes of the forest belt villages have been built for the forest squatters who, for security reasons, have been moved out of the forest area into what may become permanent settlements. The advantages of this process during the emergency are obvious. The long-term significance of what may involve a veritable social revolution is even more important. The Kikuyu have traditionally dwelt on scattered

family holdings not related to any centre except possibly the District Commissioner's *boma* or an occasional trading post. This has mitigated gravely against the development of adequate community services. Pupils attending many of the primary schools, for instance, are compelled to live on the premises away from their families during term time. Alternatively they trudge absurd distances back to their homes after the school day ends. The village school, along with the village dispensary, market, information room and sports ground, is clearly just as essential as the new police posts which are springing up throughout the reserves.

Possibly of more immediate importance is the fact that, without a village to provide a focus for local life, facilities for normal trade are exceedingly difficult to develop. At the end of the Second World War a large number of African craftsmen were released from the Army, having learned trades which would have enabled them to earn a decent living in any normal community. Apart from towns like Nairobi and Nakuru and European farms in the settled areas, the civilian demand for their skill was almost non-existent. The result was that many thousands were thrown back into dependence upon their small holdings, or exposed to a life of vice and idleness in the urban locations. Had village communities existed requiring carpenters, bicycle-repairers, cobblers, builders, tailors and the rest of the normal complement of village craftsmen, this large pool of skilled and semi-skilled labour would not have been wasted. As it is, the lack of any form of community life outside Nairobi—with such exceptions as Karatina, Thika and Nanyuki—has meant that the African who becomes bored with a humdrum peasant existence or is unable to earn a living on his holding drifts down to the native locations such as Pumwani and adds to the social evils which the municipal authorities of Nairobi city have to face.

It was generally believed, when plans were being made by the Army and civilian authorities for the demobilization of the East African forces, that the majority of men on returning home would revert contentedly to the simple traditional life of the past. This was the experience after 1918. Most people forgot that the circumstances of 1945 were very different from those which existed after the First World War. A large number of Africans had for the first time in history travelled beyond the frontiers of eastern Africa and had acquired tastes and experiences which they were unlikely quickly to forget.

The war and its immediate aftermath immensely increased the tempo of development in Kenya. One consequence of this was that many Africans acquired an attitude of chronic discontent when faced with the dull routine of rural life. Despite the great benefits which British administration has brought to the African, it has failed so far to provide an adequate substitute for the more barbaric forms of self-expression which it has been our policy to suppress. The missionary Churches, too, have with varying success attempted to eliminate from African life many of the traditional forms of recreation which provide it with colour and excitement. Existence for the mass of the Africans, particularly in the rural areas, has consequently become exceedingly dull. The young African, sitting in the gloom of his *banda* listening to the tales of his elders of the days when the Kikuyu warriors sallied

forth to steal women and cattle from a neighbouring tribe, must feel a natural longing for those heroic days to return—particularly when the price of both wives and cattle today makes it unlikely that he will be able to obtain either by legitimate means for many years to come. Enlistment in the K.A.R. or the Police provides, at any rate for the Kikuyu, no substitute for the prestige of the tribal warrior. Neither of these forces considers the Kikuyu sufficiently reliable material for enlistment in its ranks in time of peace.

One of the reasons why Mau Mau, for all its degradation, has made so strong an appeal to the young Kikuyu is because it offers him a chance of getting money easily and gilds the process with both the glamour and the excitement which he finds otherwise are so conspicuously lacking. If the new generation of Africans are not to be attracted irresistibly to gangster life in Nairobi or to movements such as Mau Mau, some new method must be found for satisfying their thirst for the status and prestige which in earlier days could be acquired as a warrior.

This is a problem which does not concern the young African male only. The women have had a powerful influence in keeping the Mau Mau movement alive, simply because they too hark back to the time when the test of manhood was the warrior's success in battle and when life held more for the women than the drudgery of labour on the mealie patch combined with an annual pregnancy.

Neither a colonial administration nor a missionary society is particularly well equipped for providing the means of satisfying the African's thirst for the satisfaction derived from testing his physical prowess against the strength of a human enemy or the cunning of a wild beast. Some other agency may be necessary. It is possible, however, that within a village community new activities may be developed. It should not be beyond European ingenuity to adapt the fascination which sport exercises over the minds of the people in Britain to meet the needs of rural Africa. An experiment along these lines has already begun in at least one of the new villages which the emergency has brought into existence. During the period of reconstruction which lies ahead of us in Kenya this aspect of the problem must not be overlooked.

The Creation of an African Middle Class

ALTHOUGH Mau Mau, as Mr. Lyttelton says, is not the child of economic circumstance, it would be very unwise to assume that the economic problems facing the colony are not closely related to the outbreak of terrorism. Mau Mau has been able to usurp the position of authority previously possessed by the tribal leaders. The more responsible elements among the Kikuyu have not yet been able to achieve a recognized and established status. There is, for instance, virtually no middle class. One reason for this is that opportunities open to an African to earn a middle-class standard of living are practically non-existent. Not only does the social vacuum thus created provide an opening for and explanation of such uprisings as Mau Mau, led by misguided and evil men, but it makes the emergence of a real multiracial society problematical. No one in Kenya, least of all the African, believes that

the great mass of the Kikuyu or Luo people can advance overnight to a status of equality with Asians and Europeans. The Africans' immediate objective is to ensure that reasonable opportunities exist for those Africans who show themselves capable of doing so. It is absurd to suppose that an African, whose maximum possible salary might be about 250s. a month, can achieve social equality with the European whose minimum salary is possibly double that amount.

The creation of an African middle class is essential if the colony is to look forward to social stability in the future. Although education is important for this purpose, it is even more vital that the prospective middle-class African should be able to enjoy a standard financial reward in government service and elsewhere which is comparable to that of his European equivalent. In this aspect of social development, the Gold Coast, Nigeria and even Uganda have made far greater progress during the last twenty years than has either Kenya or Tanganyika. This is one reason why the Gold Coast has achieved, up to the present, a remarkable degree of political stability. The Carpenter Committee on wages issued its report in March. It made important and timely recommendations with regard to an increase in the wage levels of the urban industrial African and the salaries of government servants. Its suggestions correspond almost exactly with those made in the report of the parliamentary delegation a few weeks earlier. Obviously, this is a sphere in which the Government must set an example. It will scarcely do so with the support of the Asian and European communities, unless these latter realize that until an African middle class exists there is no prospect of the emergence of a real multiracial society.

In a community where race differences coincide almost exactly with economic stratification, the outburst of revolutionary movements will always be an imminent danger. The Mau Mau hatred of the European derives partly from the psychology of colour and partly from the traditional enmity of the "have nots" for the "haves". The explosive forces derived from such a combination of antipathies are much more powerful than any based upon racial or economic disparities alone. If the European community in Kenya wish to avoid a repetition of Mau Mau in the future, with perhaps greater emphasis on its economic than on its racial aspects, every effort must be made now to create a class of Africans whose interests are identical with their own.

The first and most important step in this direction is to extend to qualified Africans the opportunity of earning an income capable of supporting a European standard of living. If both the Government and industry in the colony wish to attract administrators and technicians from the United Kingdom, they will, of course, have to make special allowances for the expenses of expatriate employment. But this does not mean that there need be any difference between the basic salary rates of Africans, Asians and Europeans. In any case, whatever expatriate allowances the Government may offer, the salary which a qualified African can command should not be so much lower than that of his European equivalent that it produces an unbridgeable social gulf between them.

No one supposes that the emergence of an African middle class in Kenya,

enjoying relative social and economic equality with the other races, can be brought about overnight. Nevertheless, the knowledge that such opportunities existed, even though few may be able to take advantage of them, would remove much of the bitterness at present existing among Africans, who are just as strongly opposed to the methods of Mau Mau as are the Europeans themselves.

Industrial Wage Levels

THE report of the Carpenter Committee and of the parliamentary delegation were concerned less with the problem of the better-educated African than with that of the industrial worker in the urban areas. Today the vast majority of Africans employed in the factories of Nairobi depend in part for the maintenance of their families and themselves upon their hard-worked *shambas* in the reserves. The twin consequences of this have been to prevent the development of a highly skilled permanent industrial labour force and to make the production of the reserves responsible for subsidizing industrial costs. Both of these must, in the long run, mitigate against industrial efficiency. It is remarkable that a system which is so obviously undesirable should have been allowed to survive so long.

The increase of 15s. a month to the minimum wage recommended by the Carpenter Committee will certainly mean that employers will start reducing their labour forces. Although the consequent unemployment may create certain immediate difficulties, the arguments in favour of such a step are overwhelming. Indeed, there are some people who believe that the minimum industrial wage in Nairobi today should be more than double the existing figure of 55s. a month.

One reason for the present low wage levels is the fact that there is an abundance of labour available. It is almost too much to expect employers, who have no difficulty in engaging workers at 55s. a month, to refuse to employ them unless they accept double that amount. The wage problem is, therefore, not due to the fact that employers in Kenya are determined sweaters of labour, or that they are particularly enamoured of the existing system. It is due mainly to the failure of most Africans to adapt themselves to Western systems of employment, with all the disciplines and obligations to both parties which these entail.

Urban Housing

IN spite of the eighteen-months emergency, Nairobi continues to expand at a remarkable rate. The municipal authorities have the advantage over the town-planners in the United Kingdom in being able to design their city without the complication of having to safeguard existing historic buildings or long-established rights. Nowhere in British Africa has a style of architecture yet been evolved to compare with the charm of "southern colonial" in the United States or the old Dutch of Cape Province. The Public Works "School of Architecture" seems too often to derive its inspiration from municipal offices in the English Midlands. Nevertheless, Nairobi has become

an impressive and vigorous city, which does credit to the Government and to its own authority.

Great progress has been made in providing new housing estates for African workers in the factories of the industrial area and the offices in the city's business centre. The main criticism of local housing policy is that the authorities tend to think of housing in terms of a "bed space" for a single male worker instead of providing homes for the family unit. Housing policy has, up to date, been conditioned by the same factors as govern wage levels. Most of the workers seeking employment in Nairobi come for a few months at a time, leaving their families behind them in the reserve. One consequence of this is that accommodation has had to be provided for "bachelors" who need little more than the share of a single room in which to put their beds. The interruption of family life which such a system involves is obviously undesirable from a social point of view. It creates among the workers themselves an attitude of shiftlessness, prevents them from achieving higher standards of skill, and undoubtedly leads to the exploitation by African lodging-house keepers of unsophisticated country folk who come into Nairobi to earn a few pounds and to taste the pleasures of city life.

In certain housing estates, particularly those belonging to the Kenya and Uganda Railways, family houses are now being built and a more permanent urban African population will gradually come into being, consisting of families occupying houses either as tenants or in some cases as private owners. This will produce immense advantages for urban Africans, provided that the authorities are now prepared to accept the family unit as a basis for the whole of their development policy.

Land and Industry

ONE of these advantages will be to reduce the present pressure upon the land in the reserves. While the great mass of the African people are directly dependent for all or part of their livelihood upon subsistence agriculture, there can be no solution for the land problem in Kenya, even if additional areas are immediately made available for African occupation. It is possible that the Royal Commission will suggest some adjustment in the existing Ordinances which have established the European and African reserves, but it is entirely illusory to suppose that this can be more than a palliative for the real problem. Unless such natural resources as Kenya possesses are developed, together with the appropriate processing industries, there is little prospect of any substantial rise in the standard of living of the African peoples.

The Royal Commission will certainly advocate the substitution of individual ownership for traditional systems of land tenure as a means of improving African standards of agriculture and of providing the African farmer with capital for development. Although some of the Africans who, as a result of this, inevitably cease to cultivate their own plots of land in the reserve will find employment as wage-earners upon African holdings, others will move out to the settled areas or to the towns. No doubt this process will cause grave social problems. If these are not to get out of control, the industrial

development of Kenya must achieve a far greater momentum within the next ten years than it acquired either immediately before or after the last World War.

It is possible that the discovery of mineral resources will help to provide an artificial boost for the colony's economy, as has been the case in Northern Rhodesia and the Union. It is possible, for instance, that the surveys for oil now being undertaken in the Coast Province and the Northern Frontier District will be successful. But it would be most unwise for those responsible for the future of Kenya to gamble too heavily upon an economic windfall of this sort. Industrial expansion, however unpromising this may be during the present period of emergency, will, in the long run, offer the best prospects of a stable economic future for the colony. Every department of the Government's policy should be designed to bring this about.

It is difficult, at a time when government departments, business houses and the agricultural industry are compelled to spend time and energy on the suppression of a dangerous political conspiracy, to expect them to devote much thought to long-term problems. As it is, the colony is entitled to a great deal of credit for the fact that Mau Mau has been allowed to impede its present progress so little. The longer the emergency continues, the more difficult it will be to regain that confidence in the future which a new country must possess if it is going to achieve real expansion. It is understandable that most Europeans and Africans regard the solution of the emergency as being the only real problem facing them. It may help them to see Mau Mau in better perspective if they realize that besides the strains and anxiety which it has produced it provides, at any rate, some short cuts to the solution of problems which three years ago were only dimly recognized, and which are far more fundamental to the life of Kenya than the Kikuyu rebellion itself.

It is possible that the new Government which comes into being as a result of the Lyttelton "award", and which contains men of all races possessing a permanent stake in the country, will help to refashion the Government's policy in such a way as both to invigorate action in the emergency and to begin laying the foundations for future reconstruction. The first question which the new Ministers, along with their official colleagues, must try to answer is what sort of Kenya they wish to see emerge when Mau Mau has become an unhappy incident in the colony's history. It is not sufficient for them to answer with vague allusions to a multiracial society, nor must mutual suspicion be allowed to distort their approach to the real problems of Kenya. They will be merely asking for more trouble if their plans for reconstruction are hampered by fear of being accused of appeasement. Even if Mau Mau has to some extent thrown the future of the whole colony into the melting-pot, it also provides an opportunity of recasting that future in a shape far better designed to enable its peoples to withstand the inevitable impact of the massive forces of the modern world.

APARTHEID IN PRACTICE /

A STUDY OF NATIONALIST NATIVE POLICY /

N.B. *South African Nationalists have often complained that the Native policy of the present Government of the Union is unfairly condemned abroad, because Apartheid is misrepresented in British and foreign newspapers and the arguments in its favour suppressed. Without necessarily agreeing that this reproach is justified, THE ROUND TABLE has done its best to meet it. The Editor has been at pains to satisfy himself that the views set out in this article are acceptable to high authority in the Nationalist party as a fair statement of the Government's position—which is, of course, not that of THE ROUND TABLE.*

THE policy of the present South African Government is based on an acceptance of the doctrine of *Apartheid*. But its attitude to this doctrine differs importantly, perhaps fundamentally, from that of the Churches.* The Government explains its attitude and policy as follows:

"Assuming the rate of growth of the Native population during the past generation and taking into account improved conditions of health, housing, and general hygiene, one can expect in, say, fifty years' time, a Native population of 18 to 20 millions in South Africa. The number of Europeans one can expect in South Africa by that time would be, say, 6 million, and this assumes a substantially increased rate of immigration. The problem, therefore, is how to create conditions in which 25 million people will be able to live satisfactorily in South Africa at the turn of the century.

Integration or Total Apartheid

ONE way of tackling this problem is to adopt the so-called policy of Integration. This envisages a gradual disappearance of the political disabilities of Natives in South Africa and holds out to them the hope of a gradual participation in the political affairs of the country. But those who champion this policy are, in fact, either refusing to recognize its full implications or paying lip service to a policy which actually they are not willing to implement.

"Acceptance of the full implications of a policy of Integration would lead to the eventual elimination of white civilization in South Africa and possibly to the disappearance of the white man from this part of the world. This is not acceptable to Europeans in South Africa.

"Alternatively, this policy means giving to the Native the shadow of political rights without their substance. This would be a dishonest policy—it would create conditions under which the Natives would have a legitimate grievance, since they would not be given what they would have been promised. It would create dissatisfaction, friction and tensions, and ultimately it would destroy any prospect of satisfactory relations between the two races.

*See "*Apartheid and the Scriptures*," in THE ROUND TABLE, No. 174, March, 1954, pp. 161-6.

"An alternative to the policy of integration is the policy of Total *Apartheid*. This policy envisages complete territorial separation between the two races. Europeans would live in one area where white civilization would prevail, and there they would hold exclusive political power. In another area Natives would enjoy full economic opportunity. Their culture would prevail and they would have all political rights and responsibilities.

"This policy might have been possible if it had been adopted 350 years ago. But to introduce this within a brief space of time today would mean an attempt to undo several hundred years of history and to unscramble at short notice the economic integration of black and white which is today a stark fact. Whatever might be said in favour of this policy as an ideal solution it is not practicable today as a policy for immediate achievement, although evolution must be guided in that direction.

Practical *Apartheid*

"THERE remains the policy of practical *Apartheid* which the present South African Government has adopted. It calls for separation in the many spheres of life and for a gradual approach towards territorial separation. It leaves future generations free to continue the process. If they so desire they can then achieve Total *Apartheid*. A policy of integration now would destroy the possibility of following this path in the future.

"The champions of practical *Apartheid* claim that it is an honest attempt to find a decent solution to the racial problems of South Africa and that it would in fact give to the Native much more than he ever could expect to obtain from a development brought about under a policy of so-called Integration.

"Under this policy of *Apartheid* one could hope to find in, say, fifty years' time, something like the following distribution of Natives in South Africa: (i) about 4 million working in the rural parts of the European Areas; (ii) about 2-3 million working in the urban parts of the European Areas; and (iii) about 12 million who would be living in Native Areas, but many of whom would derive their livelihood from work in adjacent European Areas.

"Natives living in the Native Areas will be encouraged in every way to develop their professional skills. As soon as possible they will take over senior jobs in every professional field. They will be encouraged to develop their social and civic skills and will be given, as quickly as possible, functions and responsibilities in these fields. They will be given considerable scope for administration and political development and would gradually acquire a kind of Home Rule. There would, therefore, soon be great scope for the able and ambitious Native, and this scope would be not theoretical, but real and far superior to anything which he could expect to find in a society where black and white were nominally given equal opportunities.

Economic Considerations

"IT is recognized that the economic potentialities of the Native Areas will not, under present conditions, provide a livelihood for the whole Native population of South Africa. Broadly speaking three categories of

Natives will have to derive their livelihood from the European Areas of South Africa.

"In the first instance there will be several million Natives who will continue to seek employment on the farms in the White Areas of South Africa. Their number might, after a couple of generations, still be close to the present figure of approximately 4 million Native farm labourers.

"In the second instance there will be Natives living and working in the urban areas of South Africa, and a study of economic trends in the Union suggests that if industry were properly sited their number might, towards the end of the century, amount to approximately 2-3 million. This is about the present figure of Native industrial workers. New technical developments might, however, considerably reduce this figure.

"In the third instance it will be necessary to provide a livelihood for the balance of Natives, who might number about 12 million and who could be supported neither by the present rural nor by the present urban industrial economy of white South Africa, nor agriculturally by the Native Reserves. This is the core of the economic problem which has to be solved.

"Under present conditions the Native Reserves cannot provide a livelihood for the 3 million Natives who live there. There is, however, considerable scope for an improvement of present farming methods in these areas. Much can be done in addition by the gradual development of home industries and of other forms of manufacturing which do not call for elaborate organization and large financial resources. Thus it is possible greatly to increase the capacity of the Reserves for providing a satisfactory livelihood for a substantially greater number of Natives.

"However optimistic the assessment of the potentialities of the Native Areas, there will nevertheless remain a substantial number of Natives who will not find a satisfactory livelihood in those areas. Yet, if the new industries which must develop over the years to come and which need Native labour are located in the parts of white South Africa adjacent to Native Areas, the Natives concerned will be able to live in their own areas and work in industries situated in White Areas. On the foundation of the Natives thus gainfully employed, it will be possible to build a superstructure of administration and trade which will care for many more, both in terms of employment and of ambition.

"The position of these Natives would be comparable to the position of the several million Italians who today seek and find employment in France. They remain Italians; they have political rights in Italy only; and their more intelligent or more ambitious children who want to go beyond the performance of manual work can always remain in Italy and find adequate scope there.

"Similar conditions will apply to migrant Native labourers working in the White Areas of South Africa. In view of the proximity of such European-owned industrial areas to Native Areas it will be comparatively easy to achieve social separation. Europeans will be denied economic and professional opportunities and administrative functions in Native Areas as soon as Natives are qualified to perform these functions. Natives will be denied political rights in European Areas.

"It is not claimed that it will be easy to bring about an economic development sufficient to provide a livelihood for all Natives who cannot be supported by the economy of Native Areas and by traditional European agricultural and present urban industry. Fortunately, investigations suggest that considerable natural resources are located in areas close to Native Reserves in a manner which can help to bring about the desired development. Some economic sacrifices will have to be borne, comparable to the sacrifices borne by countries which distribute their industry for strategic purposes when purely economic considerations would call for their closer concentration.

General Considerations

"It is further realized that the proposed policy of *Apartheid* can be brought about only gradually and that its implementation will take considerable time. The policy is not, however, impracticable. Nor are the difficulties such as to make illusory the hope that this policy provides a satisfactory answer to a problem for which nobody else has offered a practical solution.

"Home Rule for the Natives in their areas will not involve complete political self-government. The overriding political responsibilities and powers will remain vested in the South African Parliament and Government.

"Will there be any direct Native Representation in the South African Parliament? The answer for the present and for the foreseeable future is 'No'.

"But once the proposed policy of *Apartheid* can show a considerable measure of practical success, things may change. When this happens it may come to pass that the present danger to white South Africa will disappear. Under such new conditions, future generations may be able to work out other forms of co-operation between white South Africa and the Native Areas.

"It is frequently said that the present South African Government is inconsistent when it improves conditions in existing Native locations or creates new ones and allows industrial development in present urban areas to continue during the transition period. It is, however, claimed that it is necessary to create order out of chaos first, to provide proper housing in controlled areas instead of squatting, and that it will then be possible to proceed successfully along the road of increasing *Apartheid*, which is, in certain of its aspects, admittedly a long-term policy.

Conclusion

"THE white man in South Africa follows Christian and humane principles. He therefore continues to improve the health, education and general living conditions of the Natives. The present Government has devoted great efforts and spent a great amount of money under these headings. Consequently, the number of Natives increases and so does the magnitude of the racial problem. Continued support for these measures will increasingly depend upon a successful implementation of the policy of *Apartheid*.

"It is admitted that the difficulties in implementing the policy of *Apartheid* are considerable. Its success will depend upon many factors. Can the economy of the Native Reserves be developed to support considerably more Natives

than it does today? Can the number of Natives employed in European agriculture and industry be limited to 6 millions within the next fifty years and therefore not exceed the number of white South Africans estimated for the end of the century? Will future generations continue this process? Can the birth-rate and immigration produce a population of 6 million Europeans in South Africa during the next fifty years? Can the Natives be persuaded to accept separate development in their own spheres and areas rather than agitate for a doubtful influence on the political control of their affairs by some form of influence in Parliament? Can they be persuaded to forgo any claim to political rights in the white parts of South Africa to which they migrate of their own free will in search of the better earnings and living conditions they find there, which opportunities they may lose if White South Africa were to reorganize itself in view of agitation for political equality? Can the Natives be brought to appreciate the real opportunities which they are offered in the Native Areas by a policy of separate development, and to recognize that these will influence favourably the lives of all, even those outside such areas?

"The validity of these questions is not denied. But the chances of finding a positive solution to them are thought to be considerable. No other political solution to South Africa's unique racial problems has been offered. South Africa's present Government is therefore determined to pursue a policy of gradually increasing *Apartheid*. Unless this policy succeeds the Europeans in South Africa will be submerged. The Government are confident that they will succeed, and thus not only solve the problems of South Africa, but make a contribution to the development of the whole of Africa and to the strengthening of the West in its struggle against Communism."

It is along these lines that the Government explains its attitude to the racial issue.

UNITED KINGDOM

THE QUEEN'S TOUR

A GOOD deal has happened in Britain during the first quarter of 1954, yet there can be no doubt that it is the Queen's tour which has remained uppermost in the hearts of the British people throughout these months. Besides the many photographs and special articles which have appeared in the press, the B.B.C. daily television news-reels have done more than anything else to bring the highlights of the tour into the homes of millions of Her Majesty's subjects. The British people have been proud and delighted that Her Majesty and the Duke of Edinburgh should have acquitted themselves so superbly well throughout the whole of this most exacting tour, and they have realized more than ever before how intimate are the bonds which unite the Commonwealth. They will never forget the unrestrained enthusiasm and affection with which Queen Elizabeth II was received by tens of thousands of those loyal and devoted citizens of the Commonwealth who rendered unswerving support to Britain in her darkest hour.

Mr. Butler's Third Budget

MR. BUTLER'S third budget contained no substantial tax reliefs, nor did he announce any increase in social benefits to those who are worst off. Inevitably there has been some disappointment, yet the case for a stand-still budget in 1954 was overwhelming. Granted the current levels of government expenditure, and the prospective yield of present taxes, Mr. Butler could only have financed reliefs either by running a budget deficit or by increasing some existing taxes. There were very strong reasons against adopting either of these courses. Those who believe that the Chancellor of the Exchequer should have allowed himself the luxury of a budget deficit must face two strong arguments which point in the opposite direction. First, no one can possibly claim that the British economy is in a state of stagnation; consumption is rising, employment is full (some economists would say that it was over-full), and investment in productive industry is rising. In other words, the British economy does not exhibit any of the symptoms which would be thought by most economists to justify a budget deficit. Secondly, Mr. Butler is in any case budgeting for a large deficit on capital, as opposed to revenue, account; that is to say, the prospective yield from taxation will not be sufficient to cover such items as loans from the Public Works Loans Board for local authority housing. The Chancellor of the Exchequer is relying on private saving to cover these items—he has rightly abandoned the Cripps policy of taxing people more heavily in order to finance the housing programme. But this very large deficit on capital items makes it even harder to justify a revenue deficit as well, and a more generous budget would certainly have tended to prove inflationary. This is an important consideration at a

time when Britain's own oversea balance of payments is still not so secure as to justify risking a renewal of inflationary pressure.

Those who think that Mr. Butler should have increased certain existing taxes, in order to be able to afford reliefs to those who are worst off, usually have in mind profits tax, especially taxation on distributed profits. Distributed profits tax has a serious effect on company reserves as well as on dividends—its weight bears particularly heavily on those companies which have to provide for a high proportion of preference stock bearing a fixed rate of interest. It really would have been absurd to increase profits tax at a time when everyone agrees that investment in the private sector of productive industry should be increased as far as possible. Indeed, one of the most important of the tax concessions which the Chancellor of the Exchequer did feel able to make was the proposal for a new form of investment allowance, which is intended as a form of bonus for those companies who elect to invest in new plant and machinery.

Mr. Butler's budget speech and the Government's *Economic Survey* for 1954 suggest that the British economy really is in a reasonably healthy state. There has recently been a remarkable movement out of dollars into sterling, and the gold and dollar reserves of the Sterling Area have once again reached the level of £1,000 million; also, the pound sterling is stronger in the exchange markets of the world than at any time since the devaluation of 1949. Production has reached new record levels, and is still rising. The favourable trend in the terms of trade—that is to say, the relation between import prices and export prices—which has done so much to help the British balance of payments, has naturally not helped British exports. Obviously it is far harder to sell British manufactured goods in those regions of the world which are earning less from the sale of their own primary products. None the less, the volume of British exports sold during the last quarter of 1953 was approximately 10 per cent higher than the corresponding figure for the last quarter of 1952. All this is most encouraging, yet no one knows better than Mr. Butler that the situation could suddenly deteriorate sharply, especially if the recent downward trend in American economic activity were to persist until the summer months, when Sterling Area earnings tend always to fall off. This is another reason why Mr. Butler has been wise to produce a standstill budget—it gives him more room for manoeuvre in the months ahead.

It must be confessed that Mr. Butler has grievously disappointed many thousands of electors by failing to increase old-age pensions. It is difficult to measure how much real distress there is among old people in Britain at the present time. Certainly it would not be at all easy to live on the existing pension of 32s. 6d. for a single person and 54s. for a married couple. But it can fairly be answered that the Government does not intend any pensioner to live on these sums unaided. Supplementary national assistance benefits are now more generous than ever before, and married couples can receive assistance up to a maximum of 59s. a week plus rent. On the other hand, there are still quite a number of pensioners who do not care to apply for supplementary assistance, because they feel that it still savours of the old Poor Law. What can be said with absolute certainty is that there are a large

number of people besides old-age pensioners, living on small fixed incomes, who do find life extremely difficult in view of the present level of prices. The Chancellor of the Exchequer explained in his budget speech that he did not intend to raise pensions at the present time, if only because he would shortly receive the report of the periodic review of the National Insurance Scheme, and also a report from a committee which is examining the financial position of elderly people. There is another consideration which he must have borne in mind: owing to the decision of the previous Labour Government (with the full concurrence of their Conservative opponents) to admit late entrants to the National Insurance Scheme on very favourable terms, the taxpayer is likely to have to meet a deficit for pensions amounting to no less than £400 million by the year 1980. This is a very disturbing figure. No responsible Government can feel happy about the heavy commitment to which previous administrations have already pledged those who will be of working age in twenty-five years' time. It is all very well for old-age pensioners' associations, and similar bodies, to employ the slogan "Subsistence Benefits as a Right". In the last analysis, the standard of living of Britain's old people must depend, not on the assertion of rights, but on the production of new wealth by the combined efforts of all sides of industry. Incidentally, there is also a tendency to forget that, even in these days of National Insurance and the Welfare State, productive workers still bear a special responsibility for ensuring that the older members of their family have enough to eat. There can be little doubt, however, that the failure to raise pensions has cost the Conservatives a number of votes in ensuing by-elections, and it will be surprising if some increase is not made before the end of the present Parliament.

Of course, as Mr. Butler himself fully recognized in his budget speech, it is the present excessively high level of government expenditure which makes the task of any Chancellor of the Exchequer so immensely difficult. Furthermore, any large reductions must involve important decisions of policy, and these require very great courage. Mr. Butler roundly asserted that Britain must have some relief from the defence burden for the financial year 1955-56. In addition, it is difficult to avoid the conclusion that the so-called Welfare State does not always fulfil its objective of giving most assistance to those who are most deserving. Only recently there was a report in one of Britain's largest cities of a coloured immigrant, who had lived for months on the immoral earnings of a woman (he afterwards beat her to death), and had received the maximum rate of national assistance during this period. A trading nation cannot allow itself to ignore aberrations of this kind, and it is during the present period, when things are going well, and the crises of the past seem very far away, that Ministers must face the implications of a world in which Britain's former enemies are becoming once again her foremost economic competitors.

Mr. Bevan Resigns

ON the day before the House of Commons rose for the Easter Recess, Mr. Bevan announced his resignation from the Labour Party Parliamentary Committee—the so-called "Shadow Cabinet" who sit on the Opposition

Front Bench. Mr. Bevan's resignation caused no surprise, because on the previous afternoon he had been responsible for a remarkable scene in the House of Commons after Mr. Eden had made a statement on South-East Asian defence. Mr. Eden announced that, as the result of talks between himself and Mr. Dulles, the United States and the United Kingdom were ready to take the lead in examining the possibility of establishing something comparable to N.A.T.O. in order to secure peace and freedom to South-East Asia and the Western Pacific. Mr. Attlee told the House that he did not dissent from this suggestion, provided that Asiatic countries were given the fullest opportunity to take part in the discussions. Whereupon Mr. Bevan, who had been sitting at the far end of the Front Opposition Bench, rushed to the dispatch box and announced that Mr. Eden's statement would be "universally regarded as a surrender to American pressure"; and that it would be interpreted as a decision to impose European colonial rule on nations which were trying to escape from their shackles. The atmosphere grew even more tense when a Labour back-bencher, Mr. Stanley Evans, declared that the overwhelming majority of the Parliamentary Labour Party would support the restrained attitude of Mr. Attlee. Somewhat unwisely, but also somewhat characteristically, the Government back-benchers greeted Mr. Evans's intervention with a salvo of applause, almost as though the Chancellor of the Exchequer had just announced a shilling off the income-tax.

There is no doubt that Mr. Bevan had for a long time been unhappy about the attitude of the Labour Party leadership to nationalist movements in many parts of the globe. For example, it is fairly common knowledge that Mr. Bevan would have liked his colleagues to take a more robust line when opposing the Government's decision to revoke the British Guiana Constitution last Autumn. Quite briefly, Mr. Bevan does not wish to oppose nationalist movements in any colonial territory, even when they are clearly dominated by Communist influences. There can be little doubt that the large majority of the Labour Party does not agree with him on the general issue, but there has been a great deal of anxiety on both sides of the House about Britain's becoming involved in new Asian commitments, and for that reason alone Mr. Bevan was tactically unwise in using Mr. Eden's statement as the excuse for his resignation. If he had only waited, he would have discovered that Mr. Attlee was prepared to go with him a very large part of the way, and that Sir Winston Churchill himself took an early opportunity of informing the House after Easter that we would enter into no new Asian commitment until after the Geneva Conference was over. Mr. Bevan seemed to have overlooked the fact that Mr. Eden's statement referred only to the examination of certain problems, and not to any decisions; this is not the first time that Mr. Bevan has done himself harm through his propensity for talking rather than listening.

There is, naturally, a good deal of speculation about Mr. Bevan's future now that he has left the Front Bench for the second time. It looks like being extremely difficult for him to recover his position yet again. He has alienated very many of his colleagues by wantonly precipitating a further split in the Labour Party in the most public possible manner, just at the time when

Labour has begun to do very much better in by-elections. It is not merely Mr. Bevan's policies which are unwelcome to a large number of Labour Members. It is also the personal arrogance and truculence of Mr. Bevan himself. Indeed, it would seem not unlikely that the future leadership of the party may well fall into the hands of those who support some of the Bevanite policies which are popular with the bulk of the party, such as opposition to rearmament of Western Germany, but who are not tarred with the Bevanite brush. It seems safe to say that if Mr. Attlee were suddenly to die in the near future, which appears in the highest degree unlikely, Mr. Morrison would in fact obtain the leadership of the party without very much difficulty. After him, there is a fairly long list of probable contestants, and if anyone feels inclined to back, not an outsider, but a reasonable 100 to 8 chance, they could scarcely do more wisely than place a moderate stake on Mr. Alfred Robens, whose prestige has increased considerably during the present session.

Dr. Billy Graham

THE American Christian evangelist Dr. Billy Graham has recently conducted a prolonged mission campaign in this country, based on packed nightly meetings in the Harringay Arena. The atmosphere at these meetings was very remarkable, and left one in no doubt of the loyalty which Protestant Christianity still commands in the hearts of many tens of thousands of British people. The proceedings each night opened with a round of good old-fashioned evangelical hymns, which generations of English churchmen of all denominations have never ceased to enjoy. Then, after a short Bible reading, and a period of extemporaneous prayer, the audience heard the public testimony of two hand-picked witnesses to the saving power of Christian belief. After the public testimony came the collection, and then Dr. Billy Graham himself delivered a sermon of about half an hour in length. He did not always choose the same subject for his address, though naturally the same themes—redemption, justification and the new life in Christ—tended to recur on most nights. Most people were as impressed with his superb technique as with the actual content of his addresses. Not only is he a master of the microphone, like so many Americans, but he also has a very striking command of gesture to illustrate his themes—one recalls him leaning over the platform with down-stretched arms to demonstrate the need of sinful men to approach the foot of the Cross in a spirit of repentance and faith. When his address was over, Billy Graham then called on all those present, who wished to respond to his message, to walk down to the open space in front of the platform. For most visitors this must have been the culminating moment in a very impressive evening. Hundreds of people filed slowly from their places, while Billy Graham gazed at them earnestly, and a well-trained choir accompanied the proceedings with softly harmonious music. Then, as the rest of the audience departed for home, "counsellors" with green badges shepherded these men and women into a room near by, where they were blessed by the Bishop of Barking, and given the address of the nearest churches of their own denomination.

There is no doubt that Billy Graham's campaign impressed a very large number of visitors who had originally been sceptical. One reason for this was Billy Graham's patent sincerity; no one could doubt for a moment that he meant every word he said, and that his performances were never routine. Nor did he lay himself open to the charge of excessive emotionalism. Although he was fully prepared to claim that a man's chance of eternal salvation might depend on his acceptance or rejection of the Christian message, no one could fairly have accused Billy Graham of playing on the fears of his listeners, nor of seeking to lead people "weeping to Jesus". There may have been occasions when he appeared a trifle naïve—his periodic references to European history were not always marked by accurate knowledge of dates and events—but there was nothing whatever in his campaign which could possibly have been stigmatized as embarrassing or in bad taste. To one listener at any rate his limitations consisted far less in what he said than in what he left out. Thus there was a great deal about the Word of God in his addresses (he is a Bible-puncher in the most literal sense of the word!), but very little about the importance of worship. And he said nothing at all about the Church as a worshipping society. An uninformed listener might well have come away from these meetings feeling that the word "church" meant nothing more than the kind of place in which it was convenient for Christian men and women to meet for a service; there was nothing in Billy Graham's message about the churches' being part of the Mystical Body of Christ. Again, one felt that there was perhaps a little too much emphasis on how comfortable it felt to be a Christian: "I'd rather have Jesus than anything else"—this was one of Billy Graham's favourite hymns (or, as he would have said, songs) during the campaign—and it was most beautifully sung by an American baritone. But, after all, the General Thanksgiving in the Book of Common Prayer prays God that "we may ever serve and please Thee in newness of life", which is rather different. Many English churchmen must indeed have come away from these meetings grateful for the inspiration which they have received from Billy Graham, but grateful also for the English Book of Common Prayer, which in their view expounds the Christian Faith in all its fullness more adequately than any other book in the world.

Above all, Billy Graham did not render any great assistance to those people—and they are a growing number—who would like to believe in religion, but who honestly cannot bring themselves to admit that belief in God is intellectually respectable. The number of people who feel that there are insuperable difficulties about the very concept of a deity, let alone knowing something about the attributes of the Christian God in particular, is very much larger than people often realize; and there are even quite a number of regular church-goers in Great Britain who feel these difficulties acutely. Of course, Protestant opponents of too much emphasis on natural theology have strong arguments on their side; a belief in the Christian Revelation must completely revalue all one's intellectual convictions about religion, and writers like Dr. Niebuhr are quite justified when they point out the dangers of trying excessively to rationalize certain kinds of religious insight. But the fact remains that a non-Christian is perfectly entitled to ask the questions "What

do you mean by 'Almighty God', and how can finite beings talk sensibly about a being who is by definition infinite?" These are questions which are frequently discussed among groups of dons and undergraduates at British universities, and Christians must never forget that there are many people in all walks of life who are genuinely worried by them, even if they are unable to phrase them precisely. In short, it will prove impossible for any Christian evangelist, even of Billy Graham's calibre, to succeed in winning back the British nation for Christ until he first expounds the traditional arguments for the existence of God in a manner relevant to the doubts which beset so many Englishmen today.

Sir Winston Churchill and the Hydrogen Bomb

THERE have been few more dramatic episodes during the lifetime of the present Parliament than Sir Winston Churchill's stormy reception in the debate on the hydrogen bomb, which took place on Monday, April 5. It was, indeed, one of his most severe buffetings during the whole of his long and frequently turbulent career. Many old parliamentarians declared that the hostility which he evoked could only be compared with his reception when he intervened somewhat unwisely during the crisis which led to King Edward VIII's abdication in 1936. Indeed, one or two went so far as to say that the Socialist cries of "Resign, resign", which punctuated the middle part of his speech, recalled vividly the close of the Norway debate which led to Mr. Neville Chamberlain's resignation in 1940.

It is worth recapitulating briefly just what happened. Mr. Attlee opened the debate by moving a motion which called on the Government to take an immediate initiative towards bringing about a meeting between Sir Winston Churchill, President Eisenhower and Mr. Malenkov in order to consider the problem of the control of armaments now that the hydrogen bomb had been successfully exploded. Mr. Attlee was given a great ovation by his party when he rose, and one was conscious of his remarkable ability to express in a few telling sentences what the average citizen, with no very strong political bias, is thinking about world affairs. Mr. Attlee claimed that he sought no party advantage, nor did he offer "any criticism of this or any other Government"; but he believed that the meeting for which he asked, "backed by the conscious desire of all men and women to be relieved of this fear", might mark a turning-point in world history.

The Prime Minister began quietly, and one could immediately sense that this was not fated to be one of his great days. Many Members had hoped that he would tell the House of Commons the whole story, so far as he felt himself able, about his own association with the development of atomic energy and non-conventional weapons. No one in the House of Commons can describe the unfolding of a long series of events in so compelling a manner. What actually happened was that Sir Winston did indeed refer to past history, not in order that the whole House should be united behind his interpretation of events, but in order to revenge himself on those left-wing critics of his policy whose recent broadcasts and articles had evidently caused him such intense irritation. Quite early in his speech he referred to attacks

which had been made on him by two Labour Members—Mr. Foot on television and Mr. Crossman in the *Sunday Pictorial*. The sense of the House was that Sir Winston would have been far wiser to have ignored these attacks, or alternatively to have left Mr. Eden to rebut them when he wound up the debate. It was perhaps unfortunate that this debate took place on a Monday, the day after the Prime Minister had been so riled by his reading of the Sunday press. Indeed, there are those who say that he reads too many papers. There is something to be said for the Olympian attitude of Arthur Balfour, who never read the popular press, and who remarked, when asked if he subscribed to a press-cutting agency, "I have never searched through a rubbish heap on the chance of discovering a cigar-end."

The Prime Minister dropped his own non-conventional weapon on to the floor of the House of Commons when he made public for the first time the secret agreement which he signed in 1943 with President Roosevelt at Quebec. This agreement, which provided that neither Britain nor America would ever use the atom bomb against third parties without the other's consent, and expressly disclaimed any interest by Great Britain in the commercial aspects of atomic energy beyond what was considered fair by the President of the United States, was still in force in 1945 when the Socialist Government took office. If the Prime Minister had contented himself with saying, as Mr. Eden afterwards said, that no one in the light of this agreement could rightly accuse Sir Winston Churchill of wishing to take his finger off the safety catch, all would have been well. But Sir Winston went much farther than this; he complained that Mr. Attlee's Government had abandoned these all-important precautions; and from that moment, for twenty minutes, the Prime Minister was struggling in very rough water. To change the metaphor, he had evoked a tempest which he was unable to control.

There can be little doubt that Sir Winston made a tactical error in using this debate as an occasion for so bitter an attack on his opponents. It is always an error in politics to give more publicity to critics than they have already received, and the Prime Minister's speech was altogether too far out of tune with the mood of the House to have any chance of making its desired effect. One may also doubt whether it is tactically wise, quite apart from any question of propriety, to reveal secret documents quite unexpectedly during the course of a debate. But the interesting question remained whether there was any justification for the charge that Mr. Attlee's Government had voluntarily abandoned the Quebec Agreement. In this connexion, it is worth while looking back to Question Time in the House of Commons on January 30, 1951, when Mr. Raymond Blackburn asked Mr. Attlee, then Prime Minister, whether there was still equal partnership between Britain, America and Canada over the development and use of atomic energy. In the course of question and answer, Mr. Attlee nodded assent when Mr. Churchill claimed that the war-time agreement had been revoked, and went on to say that "there was an agreement, but the agreement has been changed and altered, and new agreements have been made". At first sight there does not seem to be any very precise distinction between the words "revoked" and "abandoned". It may, of course, be answered that it all depends on who was responsible for

the revocation, and that this responsibility rested with the American Senate rather than the Labour Government, since the whole difficulty arose out of the MacMahon Act of 1946. But Mr. Eden, who wound up the recent debate for the Government, made a most interesting point, when he claimed that the MacMahon Act, while it affected the exchange of information between Britain and America about making the atomic bomb, did not remove the provision of the 1943 agreement for consent in the use of the bomb. In other words, the MacMahon Act did not by itself take the finger of the British Prime Minister off the safety catch, and it might not therefore seem unreasonable to claim that the responsibility for the present position must rest with those who negotiated the so-called *modus vivendi* agreement with America in 1948—that is to say, that agreement which was designed to secure some exchange of information on atomic matters between Britain and America, within the bounds of the MacMahon Act. Indeed, Senator MacMahon himself said in 1950 that until this new agreement of 1948 had been passed, the Quebec agreement was undoubtedly still binding on the United States. Certainly, now that the 1943 agreement has been made public, it does seem highly desirable that the terms of the 1948 agreement should be published also.

On the other hand, it is only fair to remember three things: first, it is highly questionable how far the Quebec agreement, which was not revealed either to the United States Congress or even to the British War Cabinet, had any binding or lasting force after the war had ended. One may agree with Mr. Eden that there is no such thing in diplomacy as a purely personal agreement, but it is none the less legitimate to question how far the Quebec agreement did in fact bind any future United States administration or any future British Government. Secondly, it is surely significant that Senator Vandenberg himself should have said that, under the 1948 agreement, "the final decision for the use of the atomic bomb was left in the hands of the President, as specified in American control legislation". In other words, one may wonder whether Mr. Eden was altogether correct in his statement that the MacMahon Act did not affect at all the provision of the 1943 agreement for joint consent in the actual use of the atomic bomb. Thirdly, one may agree with the point of view expressed by some Socialist Members that it really was not fair to reproach the previous Government for not having interfered at the time when the MacMahon Act was actually passing through Congress. As Mr. John Strachey pointed out, it certainly is not the job of a British Government to intervene in a dispute between the American Executive and the American Legislature. Very many people feel that the matter cannot be left as it is; now that part of the story has been published, the British and American peoples are entitled to know the whole story, and there have been a good many questions put down to the Prime Minister urging the publication of the 1948 agreement.

A very striking feature of the debate was the silence with which the Prime Minister was received on his own side, when he was struggling against the angry interruptions of his opponents. Conservatives can be very merciless to their leaders when they do badly. One recalls that it was movements from

within the Conservative Party which brought about Mr. Balfour's resignation in 1911, Sir Austen Chamberlain's supersession by Mr. Bonar Law in 1922 and Mr. Neville Chamberlain's fall in 1940; and a similar movement very nearly brought down Mr. Baldwin in the winter of 1930-31. Immediately after the debate of April 5, there was a good deal of speculation whether this debate might hasten the date of Sir Winston's retirement, and Sir Robert Boothby's somewhat ostentatious departure from the Chamber during his Leader's speech was widely featured in the press. Sir Winston himself appeared to have accepted his rebuff in his usual spirit: "I know I made a bad speech," he is reported to have said to a colleague, "but never mind, I shall learn in time." It is generally expected that he will retire before the end of the year, and everyone, irrespective of party, hopes that he will have the opportunity of making at least one more speech as Prime Minister which will recall his greatest days.

Great Britain,
May 1954.

NORTHERN IRELAND

THE use of devolutionary powers in the strengthening of a regional economy has been brought to a new pitch in the budget introduced on May 4. The statement by the Minister of Finance, Mr. W. B. Maginness, Q.C., was remarkable not only for the extent to which the Government has accepted the task of injecting finance into industry but for the suddenness with which it has departed from the established practice of parity of taxation with Great Britain. The policy now observed in both these respects is obviously dictated by a realization that future solvency cannot be secured without an urgent overhaul and expansion of Northern Ireland's manufactures. This lesson has been finally brought home by the experience of the textile slump of 1952, when unemployment rose to 14 per cent of the insured population, and, in the following year, caused the budget surplus to fall from £20,500,000 to £8,600,000.* The decline was also due to the concessions made at that time by the Chancellor of the Exchequer which gave notice that any further reliefs, if not offset by an increase in taxable capacity, will leave Northern Ireland struggling to maintain unaided the national standard of public service. A partial trade recovery and the unchanged level of general taxation this year enabled Mr. Maginness to show a balance of income over expenditure of £12,500,000 to be earmarked as the Imperial Contribution. The margin, however, is rather more narrow, since this figure includes a sum of £3,500,000 received from the Treasury under the agreement assimilating the burden of social welfare. The Minister reported that the annual cost of such services was being stabilized, but there remains to be eliminated a good deal of leeway in capital equipment, so that some doubt exists whether the rate of progress is to be retarded pending an improvement in the economic state of the area.

* See THE ROUND TABLE, No. 172, Sept. 1953, p. 371.

Certainly the emphasis in government spending is passing to industry, and to a lesser extent to agriculture, although always the term "subsidy" is avoided. Nevertheless, the payments made to individual firms are of such a nature, the more so when they are contrasted with the efforts of the British Government to restore a free economy. It is fair to say that the Government of Northern Ireland is no less Conservative in outlook: its current policy has a "once and for all" ring and is underlined by frequent exhortations to manufacturers to stand on their own feet and to make higher productivity the answer to their geographical and other disadvantages. Somewhat surprisingly, the Ulster industrialist, in the past a model of independence and enterprise, has applauded every suggestion of State assistance and has drawn heavily on the funds available. Under the Re-equipment of Industry Act the Ministry of Commerce is making non-repayable grants of £3,500,000, and a successor to this measure, the Capital Grants to Industry Act, provides for a further £5,000,000. The same Ministry spends £750,000 a year in subsidizing the cost of industrial fuel and power. In the extension of existing industries and the attraction of new ones the Government plans an outlay of £10,000,000 on new factories. Moreover, firms receiving the 25 per cent capital grants are entitled to claim on the remaining expenditure the new investment allowances brought in by Mr. Butler. In agriculture assistance is now to take the form of an annual payment from the British Government sufficient to meet the cross-Channel factor in marketing prices. The amount has not yet been disclosed.

All this aid from the State, previously foreign to Northern Ireland's political and economic thought, owes its origin in part to the relatively high yield in revenue during the war and since. Until recently such schemes could be financed out of annual Exchequer income: now that they have been successfully launched they can if necessary be continued by borrowing. For these reasons there is a tendency for industry to accept the money on offer as a rebate from the scale of taxation considered by most of them to be beyond their capacity to pay. This taxation is, of course, levied nationally: only in Estate Duty has Northern Ireland a major fiscal power of its own. It is in its attitude to this that the Unionist Party has acted as radically as it has done in the matter of underpinning industry with public funds.

Here the significance lies in the fact that Northern Ireland, throughout its self-governing career, has made taxation equal to that in Great Britain the foundation of its claim to equal service. In time parity became the criterion, but in his post-war budgets the late Major J. Maynard Sinclair remained strict in its interpretation. When he reduced Estate Duty below the British level he said he was under an obligation to raise the cost of the concession by taxes of a different kind. Mr. Maginness, under pressure of events, made his budget exceptional by discarding this rule and proposing further reductions in the rates levied on estates of between £10,000 and £85,000 valuation. The consequent annual loss of £200,000 to revenue was made without reference to a compensating tax, and indeed without explanation of the abandonment of a principle which has so long been in the forefront of financial relations with Great Britain.

The purpose of the twofold change in policy, one that cannot have been made without Treasury approval, is clear enough. There remains in Northern Ireland, particularly in the staple linen industry, a wide sector of business held in family or other private hands. These have suffered severely from death duties, despite the total exemption given to transfers of shares made more than three years before death (in Great Britain the period is five years), and it is to their resuscitation that many of the new economic measures are devoted. More broadly these measures and the new Estate Duty code are intended to stimulate investment in Northern Ireland of the capital owned by local people. In the economists' view, however, it is debatable whether reliance can be so placed in the preservation of the privately owned business as a solution to the problem of under-development. The performance of such concerns under present-day conditions scarcely bears comparison with that of the larger public companies and raises in urgent form the question whether Northern Ireland ought not to seek a sounder and more diverse basis for its industrial finance. Unfortunately, little recourse has been had to new methods, a symptom of a lag in mental attitudes that as much as anything has brought about the critical economic weakness. It is equally an illustration of the way in which Ulster people are tied to traditional occupations that almost every new manufacture of importance has been imported by outside interests. Too often the reaction of those accustomed to private financing is to say that the rewards are not worth the risks and to sell to others ready to extend their production or distribution from Great Britain. To those of this mind the budget has now given the clearest possible challenge. If with such backing from the Government and preferential treatment in taxation they cannot make the economy viable, Northern Ireland's future will remain insecure, both financially and constitutionally. Ultimately every business must be self-supporting, but in this context one cannot escape the conclusion that money is no substitute for ideas and energy. Mr. Maginness, by means that may well be considered justified by the end, is adding to the capital available (Northern Ireland already has investments in Great Britain of the order of £300 million); it is for the people themselves to show that they can use it to their own advantage and to the advantage of the whole country.

One cannot at this stage estimate the effects of the mitigation of the tax burden and the lavish outlay of public funds on a community which has always claimed equal British citizenship and proclaimed its willingness to carry equal burdens. The test would seem to be moral as well as practical. It will determine whether Northern Ireland is using its financial autonomy and defying the old economic truths in order to make itself a fully contributing part of the United Kingdom, or merely to give blood transfusions to a perpetually ailing condition in industry and commerce.

Northern Ireland,

May 1954.

IRELAND

FALL OF MR. DE VALERA

THE heavy defeat of the Government candidates at the by-elections in Cork and Louth, which took place on March 3, suddenly transformed an apparently stable political scene. In spite of his rather autocratic character Mr. de Valera is at heart a democrat. He is also a clever tactician. All these characteristics were displayed in his reaction. In spite of the absence of the deputy premier, Mr. Lemass, and the Ministers for Finance and Agriculture, he summoned an immediate Cabinet meeting when the by-election results were declared and issued a statement declaring that in his opinion a general election was necessary as soon as the financial measures required for the public services had been completed. This was contrary to an announcement made before the elections, in which he stated that he would not ask for a general election so long as he had a majority in the Dáil. *Dublin Opinion* neatly summarized the situation in a cartoon which showed Mr. de Valera, garbed as a Roman senator, standing over the shrouded corpse of the Fourteenth Dáil from which daggers labelled "Cork" and "Louth" protruded, and exclaiming "Cry Havoc and let slip the dogs of P.R.!" It was at first thought that Mr. de Valera's statement foreshadowed an immediate general election, but a few days later he announced that the Dáil would not be dissolved until April 24 after the presentation of the budget, and that the election would be held on May 18. The Opposition promptly tabled a motion calling for an immediate dissolution. This was debated on March 11 and defeated by three votes (74 to 71). Mr. de Valera during the debate defended his choice of May 18 as polling day on the ground that the electorate should be given the opportunity of seeing how the Government proposed to provide the money to meet the estimates it had drawn up. Mr. Costello for the Opposition argued on the contrary that a new administration would be seriously hampered by a budget brought in by a Government "under sentence of death". If the Dáil dissolved immediately the new Government would be in a position to frame its budget in relation to its policy. Mr. Costello expressed the hope that the contest would be as short as possible and that as they were ending an era they would conduct themselves with dignity and without bitterness, forgetting the antagonisms of the past which were no longer relevant.

Irish politics are abnormal if judged by European standards. In the first place there is no real party of the Left. The Labour Party, which comes nearest to such a description, is in fact quite conservative in outlook and entirely mediocre in personnel. It also lacks broad-based support, being in effect only the mouthpiece of the urbanized trade unions. Its policy has no real coherence, being a strange compound of Victorian Liberalism and what may perhaps be described as Catholic Socialism imperfectly understood and applied. Its leadership is uninspired and lacks fire and vision. On joining the inter-party Government of 1948 its representatives became little more than acolytes of the wily senior counsel who control Fine Gael. Yet with the Labour Party may well lie the direction of our political policy in the imme-

diate future, for in the very possible event of a deadlock between the two major parties Labour will hold the balance. Their position is, indeed, much the same as that once held by the Irish party in the House of Commons. The Labour leaders have now stated that, while their ultimate aim remains the election of a Labour Government, they do not regard it as inconsistent to co-operate with another party or parties in the formation of a Government publicly committed in advance to an agreed programme of economic and social measures in broad conformity with Labour policy. They called on the other parties to declare their position on this issue. This statement defined Labour's long-term aim as the development of the country's resources "with a Christian social purpose rather than a profit motive". The reaction of the two big parties to this overture was as might be expected. Mr. de Valera described the Labour Party's offer as being "rule by a minority party" which "would have a veto on Government policy" and so destroy the collective responsibility of Government, as required by the Constitution. His party, he said, believed that the chief need of the country was a Government able to resist demands by pressure groups and sectional interests which were not warranted by the claims of justice or consonant with the permanent welfare of the whole country. Fianna Fail would go to the country as a national party representing all interests. Mr. Costello, on the other hand, when defining the attitude of Fine Gael to the Labour proposal, said his party would invite the smaller parties to join it in the creation of a Government whose aim would be co-operation for the common good. These two statements reveal the only substantial difference of opinion between the two major parties, for Irish political parties are also abnormal in their amazing unanimity of aim. All vehemently wave the now somewhat tattered battle flags emblazoned with demands for the abolition of Partition and the restoration of the Irish language, both quite unattainable and, therefore, eminently safe objectives. All have now discovered (too late) that agriculture is our principal industry. All are equally determined to make the farmer pay for uneconomic industries subsisting behind a high tariff wall, and all rejoice in the excuse provided by the existence of Partition for an ostrich-like refusal to face external responsibility. They have also a common theme-song which runs "Anything you can do I can do better". Labour naturally lays more emphasis than the others on the reduction of food prices, increased social welfare benefits and increased control of credit. It has even gone so far as to suggest the nationalization of the flour-milling industry, which would indeed be a costly experiment. Fine Gael and the other smaller parties (which merely provide useful votes) are only united in their common dislike of Mr. de Valera, whom they rightly regard as the keystone of the Fianna Fail arch. Although now seventy-two years of age and much handicapped by failing sight, that remarkable man shows no intention of retiring from the political arena. It may be doubted if his party would long survive him. He now enters on one of the most strenuous contests of his long and stormy career. However one may regard his record one must admire his courage. Time has, indeed, greatly mellowed his outlook. For instance, speaking at a St. Patrick's Day celebration in London, he actually advised the Irish in England to be loyal to the country of their

adoption. His party newspaper the *Irish Press*, however, thought it desirable to omit this Christian counsel from their report of his speech.

The Government's Position

AN Irish Government is seldom popular, and the present administration is no exception. It is intensely disliked by the powerful medical profession because it ignored their objections to the Health Act. The Catholic Hierarchy, for similar reasons, if not openly hostile is scarcely cordial. Mr. de Valera has always been too independent for their liking and has consistently refused to countenance any sectarian intrigues or backdoor interference in government affairs. Big business also resents, with some reason, the increasing State interference in its affairs. Amongst recent examples of this tendency have been the activities of the Fair Trade Commission, set up to inquire into restrictive trade practices, and Mr. Lemass's proposal to appoint a Controller of Prices and to review existing tariffs in relation to costs and efficiency of management. Small wonder that business men, in the words of one of their representatives, are "irritated, bemused and bewildered"; for where can they fly save to the arms of Fine Gael and the bosom of the Labour Party? It may be doubted, however, if the Fianna Fail party fund will receive many large contributions from the industrial tycoons unless the latter desire to play for safety, as in the past, by backing both teams. Nor can Mr. de Valera expect much sympathy from that relatively small section of the community who bear the crushing burden of direct personal taxation. Quite recently the Government have most bravely added to their own troubles by incurring the wrath of that powerful body the Gaelic Athletic Association (better known as the G.A.A.). The many members of this organization are pledged not to play "foreign games", which in effect means any game except hurling and Gaelic football. They refused to permit a broadcast of a hurling match on St. Patrick's Day unless a proposed broadcast of an Association football match on the same day was cancelled. This ultimatum was rightly rejected by Mr. Gorham, the Director of Broadcasting, on the grounds that the broadcasting authority could not let the G.A.A. decide what other sports events they should broadcast and at what time. In this attitude he had the firm support of the Government. The kind of political sniping to which the Government is subjected was well exemplified during the by-elections when the *Sunday Independent* sensationally disclosed that Lieut.-General Sir John Woodall, the General Officer commanding in Northern Ireland, accompanied by an aide-de-camp had recently visited the military establishments at the Curragh Camp in uniform! What could be the purpose of this sinister mission? The squib, however, failed to explode, for it was disclosed that a similar visit in mufti had taken place in 1948 during the reign of the "stainless" inter-party government. It would be more intelligent and straightforward to make no secret of such a visit, for the Irish people must surely realize that in the last analysis they depend on British military and naval support to safeguard their existence. These various grievances, which may well be cumulative in their effect, prove at least that Mr. de Valera has not been trying to please "all the people all the time". To that extent he is entitled

to support from the small minority of voters who place integrity before party and can see the wood as well as the trees.

The Opposition

THE contribution of the Opposition to the current political debate is neither stimulating nor original. At the recent Convention of his party Mr. Costello, who if not the titular leader of Fine Gael is its prospective Prime Minister, delivered himself of several powerful platitudes. Ireland, he informed us, could not stand apart nor isolate itself from international affairs. It was extraordinary, he said, how insufficiently appreciated it was that a country like ours needs more than ever the support and friendship of other countries, including particularly European nations, the Commonwealth and the United States. These sentiments come well from the man responsible for severing our only vital international connexion, that with the British Commonwealth! Mr. Costello also announced with the solemnity of a seer that there could be no prosperous future for this country unless Irish agriculture maintained and increased its earnings abroad, and that only through great acceleration in industrial progress could full employment be obtained. After reading Mr. Costello's speech one may be pardoned for heartily agreeing with his drastic conclusion that "the national bane of the moment is the rule of mediocrity"! His party gathering passed the usual ridiculous and flatulent resolutions about Partition. Mr. Ernest Blythe, the managing director of the Abbey Theatre, has recently dealt a damaging blow at the Anti-Partition League and "all its works and pomps". His right to speak on the subject of Partition cannot be challenged, for he is the son of a Protestant farmer from County Antrim, a one-time member of the Irish Republican Brotherhood and a former deputy premier of the Irish Free State. Speaking at a meeting of the League in Armagh he told his amazed audience that, although the Ulster Nationalists had seemed to convince themselves that the Republican Tricolour was the flag of all Ireland, it was of course nothing of the sort. It was the flag of the Republic but it was no more. The Northern Government, whatever its faults, was a democratic government reflecting the feelings of about one-fifth of the Irish people. Its validity and authority must be acknowledged. In his opinion, therefore, the Union Jack (for which he did not conceal his dislike) was entitled in the North to at least an outward respect. The present Constitution of the Irish Republic with its false assumption of rights over Northern territory had provoked the Northern loyalists and only increased their solidarity. He would like to see it changed. It was not by the help of Irish Americans—the vast majority of whom cared little about Ireland—but by the decision of the Northern Protestants that Partition could be ended. To persuade them would be a big task, but it would never be done by coercion. Mr. Blythe's brave words are both timely and true.

Economic Problems

THE political smoke-screen temporarily obscures our economic plight. This, however, remains grim and insistent. The truth is that only by the increase of our agricultural exports can our standard of living be improved

or even maintained. Ireland's basic industry and its principal "industrial potential" is and will remain livestock. But whilst the world demand is increasing Ireland's livestock and livestock products are steadily decreasing. In the last twenty years our poultry population has decreased by over three million and our cattle, horses, sheep and pigs by over one million. The average Danish cow produces twice as much milk as the average Irish cow and Danish agricultural exports are three times more valuable than ours. This summer British controls will be removed and Irish cattle will have to find their own level in a free market. Better breeding, better handling and tuberculin testing are some of the immediate issues which must be faced if our most valuable export market is to be preserved. As a result of discussions between the British and Irish Governments which have just concluded it has been agreed that from July 4 Irish cattle and carcass beef will command British market prices without any restrictions, and that even if these are higher than the minimum guaranteed price to British purchasers this will not affect Irish exports. Should the market prices fall below the minimum, then the minimum will apply to Irish store cattle fattened in Britain for a period of two months. This arrangement is more satisfactory than that prevailing before the war. The survey recently made by O.E.E.C. shows that Ireland is the only western European country save Austria whose present agricultural output is not above pre-war figures. To remedy this state of affairs Mr. P. F. Quinlan, a progressive Cork farmer and President of the Young Farmers organization, suggests that before the downward trend reaches the point of no return the dead hand of the State should be supplanted by the green thumb of producers' co-operative organizations set up on a commodity and not on a geographical basis. Mr. Lemass, the Minister for Industry and Commerce, who possesses the only inquiring mind in the Government, has, on the other hand, expressed the view that so long as the Irish farmer can get what he does from the State he will never adopt the co-operative idea or any other idea to aid agricultural development. If this pessimistic view is right then we are indeed finished. But what a reflection on Mr. Lemass and his colleagues, who have for so long been responsible for our national educational economic and fiscal policy. The fact must be faced that our agricultural industry is now in a parlous state. The poultry industry, "jerry-built on dear feeding stuffs and drowned in cheap eggs", is unable to face competition in the export market. The dairy industry, which occupies a basic position, is in a not much better plight owing to the obstinate refusal of our official pundits to study or apply the economics of dairy production. Should the dairy industry also collapse our cattle trade may not long survive. After that the deluge. State expenditure has increased faster than national income, with result that past savings are being rapidly exhausted. The prospect before the the new Government "is not a pleasant one".

The Budget

WHEN introducing the budget on April 21 Mr. MacEntee, the Minister for Finance, made little or no reference to these grave problems. On the contrary he claimed that the year which has just closed was "one of the

most prosperous in the nation's history"—"a year of progress in industry and agriculture, of increased trade and higher incomes". It was, he said, "an impressive demonstration of the capacity of the Irish economy to recover external solvency and internal financial stability without sacrifice of living standards; of the soundness of a policy of producing more and saving more as a condition of national progress". Unemployment had been considerably reduced by intensified progress with State capital projects. The budget so introduced was an interesting compromise between expediency and reality. Faced on the one hand by the general election and on the other by the necessity for meeting an expenditure of £127 million, which is the highest we have yet had to meet, he announced a series of relatively small tax remissions and subsidies which conceded something to everybody and nothing substantial to anyone. The principal concession was a total exemption from income-tax for anyone whose income does not exceed £240 a year. This, coupled with various small increases in personal and children's allowances as well as a reduction in the tax on residential property occupied by the owner, will release some 40,000 persons from income-tax liability, thereby rendering the incidence of the tax even less reasonable than it was before on the remaining taxpayers who are only about 1 in 15 of the population. His other concessions included a reduction in stamp-duty on the sale of property under £2,500 in value, a small reduction in the beer and match duties which will only benefit the manufacturers, an increase of the bread subsidy which will reduce the price of the 2-lb. loaf by one halfpenny, and the exemption from entertainments duty of entertainments in towns whose population does not exceed 1,000, with a rebate of one-half the duty in towns of 2,500 population. To meet an expenditure of £127,347,000 (including the increased bread subsidy) he had after making these concessions an estimated revenue of £105,665,000. To balance his budget he deducted £21,712,000 from expenditure, this deduction representing capital expenditure, savings, reductions in defence and transport costs, and provision for over-estimation, leaving a modest surplus of £30,000. He could have done better and might have done worse. Reviewing the financial and economic position of the Republic he concluded by stating that "On this accomplishment the Government stands". As the two principal parties are at least united in promising us "better times" if they are returned to power the electors can await the result of the election with cynical equanimity.

Ireland,

May 1954.

INDIA

THE LANGUAGE QUESTION

THE achievement of national unity in a multilingual country presents problems that have never had to be faced in Europe, even in Switzerland. It is from Europe that India borrows or copies the expedients required to deal with almost all her other political and administrative difficulties, but on the language question she has to work out her own solutions from the beginning. Such experience as Europe has had of *linguae francae*, of dual language systems, of linguistic revivals or of linguistic conquests has been too limited or too remote to provide any guidance to modern India. And in any case, in most linguistic disputes in Europe the rivalry has been between a plainly less efficient tongue (Irish, for example) and one or more highly developed languages, while in India, among the indigenous tongues, there is none that can claim to be adequate to the sort of economic and political life the country aspires to. Hindi, which is destined by the Constitution to become the national language within fifteen years, is gravely deficient as a medium of communication for a modern people; and it has to compete with a dozen different languages, some of which are more advanced for one purpose or another. Bengali, for instance, is by far the most literary tongue in India; Rabindranath Tagore's work is at once the illustration and the explanation. The only possible comparison that might help a European understand India's language problem would be to suppose that all Europe had to agree by democratic methods to adopt Russian (complete with its script) as it existed when Pushkin began to write *Eugeni Onegin*, that everybody in the continent had to master it within fifteen years under pain of not being able to take part in the life of the larger community, that he had at the same time to keep up his own national tongue for intercourse with his family and neighbours, and (this is the sting of the story) that he had also to retain a fluent mastery of Latin in order to understand everything that had previously happened in the continent. Obviously Europeans, with a well-developed educational system, would regard this as a fantastic assignment—but in fact what Indians are required to do is even more complex. That the language question arouses passions that can dominate the whole political scene is not in these circumstances surprising.

India has so far had less serious political trouble about language than Pakistan, but that is because the Pakistanis have made a frontal attack on the problem, which in their case is restricted mainly to the rivalry of Urdu and Bengali. India has declared Hindi the national tongue and since then done very little about it. Money has been granted to organizations—unofficial of necessity and hence of uncertain efficacy—whose aim is to encourage the propagation of Hindi, but one sees very few results of their activity in areas where Hindi is not known or liked. The Education Minister in charge of this programme himself speaks Urdu and has therefore been accused of tainting the spring at the source. His reply to the Hindi "imperialists", as they are

known in many parts of the country, has been to declare that all Central Government business will be conducted in English and Hindi from 1958 onwards, and by 1962 Hindi will have completely supplanted English. One may seriously doubt if this programme will be adhered to, although the use of Hindi in the Delhi Parliament is increasing and many members now speak wholly in that language. Mr. Nehru now uses it more, and the Finance Minister has promised to print some of next year's budget papers in Hindi as well as English. Even if the nation's legislators did all take to Hindi within the next decade, every word they said would have to be translated into a variety of tongues before it could be understood outside. The State legislatures would continue to use English or the provincial language; so the official and business man would need to know three languages to keep up with their affairs.

The easiest course, the course which the vast majority of Indians follow, is to learn only one tongue, their mother tongue. For the rest they might pick up enough Hindusthani (not even Hindi) to get along with people from other provinces, and in the process perhaps acquire a larger or smaller number of English words to denominate the modern objects and ideas that make up the most vital and developing part of their lives. The consequence is that they are cut off from most other Indians, who have a different mother tongue, and they are cut off from the middle classes and officials by want of English. This has been the situation in India for many years, but it is only now being realized what huge impediments it places in the way of national unification, effective defence, and economic progress, the latter depending so heavily on labour mobility. To correct this, some politicians seek to press Hindi, and the method they choose to advance Hindi is restricting the use of English—for plainly Hindi will never establish itself as the national tongue until the pretender is outlawed. But the first consequence of this policy is to deepen the division of the country, because men do not begin speaking Hindi the moment they are prevented from speaking English. The vacuum is filled by wider use of a provincial tongue, with the regression from the aim of unity that this implies. Before this dilemma India now stands perplexed, and the only changes an observer can notice over the last decade are that English is worse taught though as widely spoken, provincial languages are more jealously supported though no better equipped for modern tasks, and Hindi is greatly praised but no more used than it was.

America in Asia

THE vigorous American initiative in Asia that has been a feature of Mr. Dulles's foreign policy this year has left India outraged but helpless. Mr. Nehru's neutralism, which assumed that, short of actual war, the two antagonists would remain frozen in an attitude of timeless hostility, or at least that the moves would be made as leisurely as in championship chess,*

* As it appears to non-players. The Editor apologizes to those readers who are accustomed to play in championship chess and have direct experience of the remorseless pressure of the clock.

has been quite overtaken by events. American manoeuvres, some of which have seemed precipitate even from Europe, have fallen like hammer-blows on Delhi. The confirmation of arms aid to Pakistan was followed quickly by signature of a pact between Pakistan and Turkey. While India was still digesting the fact that all her protests about "bringing the cold war to her western doorstep" had not abated Washington's determination one jot, there came the announcement that the United States was actively considering the formation of an anti-Communist alliance in South-East Asia and the Western Pacific. In the interval, three of Mr. Nehru's "appeals"—for a cease-fire in Indo-China, for a suspension of hydrogen bomb tests and for the surrender of the French Indian Settlements—had all been fruitless. India's confidence in her ability to influence the course of world events has been badly shaken, as indeed it was bound to be sooner or later, for it had grown to quite unrealistic proportions. It was small consolation that, although Mr. Nehru was not deferred to in London, Washington, Paris, Lisbon and U.N. headquarters, he still had the occasional support of the Russians, Mr. Bevan and hundreds of unknown men and women of goodwill in all countries—all free countries, that is—who write to him as the representative of the world's humanitarian conscience. Delhi has seen the "area of neutrality", which it once hoped would extend from Cairo to Djakarta, constricted and eaten into at crucial points; the "Asia" on behalf of which Mr. Nehru has so often claimed to speak will henceforth have to be followed by more minus signs. Even the select gathering of Asian statesmen whom Mr. Nehru went to meet in Colombo included the Prime Minister of a Pakistan that had joined the anti-Communist alliance and a Ceylonese Prime Minister who had just accepted high honour from the Queen and was in no mood to echo the criticisms of the Commonwealth heard in India's Parliament the week before. There remained the Prime Ministers of war-torn Burma and Indonesia, who are both friends of Mr. Nehru but carry no great weight in world affairs. The conference met without agenda, which is not unusual, but also without a clear idea of what it should discuss, which is less usual. There was the unpleasant possibility that Burma, Indonesia and Ceylon might attempt, in that friendly, unofficial way which Mr. Nehru has patented, to make peace between India and Pakistan.

This was avoided by Mr. Nehru's announcement that he would decline to discuss Kashmir; when Mr. Mohammed Ali of Pakistan sought to bring the question up, he was chidden for his bad manners and the conference then confidently went on to deal with everybody's business but its own. Between the planning of the conference and its beginning, the Indo-Chinese question had been pushed by Mr. Dulles to the forefront of international discussion, and the perplexed premiers eagerly took hold of this as a suitable subject for their deliberations. There followed an extraordinarily ingenious exercise in drafting, which issued in a compromise statement on Indo-China that represented the highest common factor of Asian views on the matter and that yet made sense. Indo-China, for Asians, poses the problem: which is worse, or more dangerous, Communism or colonialism? (Being worse and being more dangerous are often not distinguished.) Mr. Mohammed Ali stated

publicly that colonialism was less of a menace than Communism—a profoundly shocking assertion in Asia even though it was followed by the qualification “because colonialism is dying and Communism is not”. Sir John Kotelawala, shortly after, said that if the devil were fighting Communism (the devil in Asia is usually an imperialist power), he would join the devil; this means the same as Mr. Ali’s statement but was less critically received because the devil was not mentioned by name. Mr. Nehru is definitely not of this view. Indeed many of the reproofs he addresses to Washington amount to: “Never mind about Communism; what about colonialism?” The premiers of Burma and Indonesia have not stated their preferences, but they are probably nearer Mr. Nehru’s—though they might add *sotto voce*, “Communists in *other* countries do not worry us so much as colonialists in our own.” In these circumstances, the editing of an agreed statement on Indo-China was a considerable feat.

Though India is keenly aware of military matters when considering American aid for Pakistan, she declines to recognize military realities elsewhere in Asia. Being a neutral country with no intention of joining a power alignment, there is no reason why she should weigh military necessities; her own policy can continue to be framed in terms of pacist ideals. But when other nations, for reasons that seem conclusive to them, have to think in military terms, India cannot even begin to understand what they are up to if she will not look at a map on which strategic lines are marked; the maps in Delhi, one would think, showed only whether countries were self-governing or not. Thus the Eden-Dulles announcement about an alliance in South-East Asia was surely concerned with bringing together nations which at a pinch would *fight*. The pinch would be the fall of Indo-China and the fight would be against armies of Chinese Communist invaders. To attempt to interpret Mr. Dulles’s intentions in other terms was to miss the point of the proposal. India, on her own repeated assurance, would not fight, so she had no part to play in the negotiations. India has never acknowledged the existence of any military threat in South-East Asia and sees all the problems of the region in terms of political influence exercised by former imperialist Powers, and by the United States, over countries newly independent or now seeking independence. It is this wide divergence of approach that ensures that almost any effective step the Western democracies take to safeguard South Asia from Communism will be misunderstood in India. Mr. Nehru himself put the case clearly when he said in Parliament recently that India was opposed to American policy in Asia “if it means maintaining a posture of strength or domination in order to contain China”. Other people might object to inflexibility in American policy, to a refusal beforehand to consider any sort of deal with China ;but the thing to grasp is that India, through Mr. Nehru, objects to the very assumption of a “posture of strength”. Where a European would say, “Self-defence encourages prudence in one’s opponent”, Indians say, “Aggressive attitudes (i.e. self-defence) encourage conflict”. The difference is fundamental and did not arise yesterday.

India,

May 1954.

PAKISTAN

LANDSLIDE IN EAST BENGAL

THE ignominious defeat of the Muslim League in the recent provincial elections in East Bengal, in which the former Government party won only 8 out of a total of 309 seats, is a political event of the most outstanding importance to Pakistan. The first elections since before partition, in a province which is far more a separate political entity on account of its geographical position and linguistic differences, were bound to cause great political and public interest, but few foresaw the tremendous battle which was ultimately to be fought without quarter on either side between the Muslim League on the one hand and the United Front on the other, led by the veteran Bengali politicians Fazlul Haq and Mr. H. S. Suhrawardy. The Muslim League began with some disadvantages. It had been in power since before partition, during a very difficult period when Pakistan was striving to survive the catastrophic results of partition, and its division into two separate wings. The political record of the party itself while in power has, however, also not been particularly good, and there is no doubt that the people of East Bengal wanted above anything else a change which they hoped would be for the better. Nevertheless, before the elections began, the United Front would have certainly agreed that they were starting as outsiders, but as the date of the election drew near the odds shortened. Eventually the Muslim League High Command in Karachi, led by Mr. Mohammad Ali the Prime Minister, were forced to denounce some of the old Muslim League Cabinet and to make it clear to the electorate that they had no intention of foisting the discredited members of Mr. Nurul Amin's earlier Government on them in the event of a Muslim League victory, a step which can only have been taken after a most grievous reckoning of the shortening odds. The Muslim League High Command also went to the extreme step of inviting Miss Jinnah, the Qaid-i-Azam's sister, who has not in the past shown any particular friendship for some of the Muslim League leaders, to visit East Pakistan and campaign on behalf of the League. These measures, which illustrate the seriousness with which the strength of the opposition was finally regarded, proved of no avail. The League was well and truly beaten, and the mandate given to Fazlul Haq to form a Government was almost unanimous. The size of the defeat was foreseen by no one, least of all the two political parties themselves, and the Provincial Muslim League has temporarily at any rate disappeared from the political scene.

What are the conclusions to be drawn from this tremendous defeat of the party in power in the Central Government and in the other provinces, bearing in mind that the Constituent Assembly has a large majority of Muslim League members in it? First and foremost, of course, it is a vote against the outgoing Provincial Ministry, which stands thoroughly discredited in the eyes of the people of East Bengal. To a considerable extent also it is a vote

against the Central Government, on the two grounds that it is Muslim League itself and that it supported the Provincial League and initially at any rate its unpopular leaders. For this the electorate is partly justified. By and large East Bengal, economically more backward than the West, and strategically practically indefensible, has not received its fair share of the available foreign exchange earnings for much needed imports, and ever since partition prices of imported goods have remained consistently higher in the East than in the West. Also most West Pakistanis would reluctantly agree that East Pakistan has not received so much financial assistance for development schemes as the West, although there are some outstanding exceptions to this generalization. Consequently the victory of the United Front Party is in part a vote against the Centre's failure to look after East Pakistan's interests as well as it might have. There are some even more interesting possibilities arising out of this overwhelming victory. In its election manifesto the United Front has among other things demanded maximum autonomy for East Pakistan in all matters except defence, currency and foreign affairs. It has also demanded that Naval Headquarters at present in Karachi should be moved to East Pakistan and that the defences of the province should be raised to the same level as in the West. There is certainly a lot to be said for the argument relating to defence. It has long been realized that East Pakistan would probably be a more or less immediate write-off in the event of any war with India. It will be difficult to achieve self-sufficiency, however, while the defence services are so pre-occupied in standing by in Kashmir. The demand for the transfer of the naval base, though perhaps going beyond the legitimate demands of a Provincial Government, does reflect the very great claim East Bengalis have, on account of the riverine character of their country, to a greater association with naval affairs. The implication that there should be autonomy in finance is more open to question. Strategically speaking West Pakistan could exist without the East, but financially this would be impossible. Pakistan's greatest export earner, jute, comes exclusively from East Pakistan, and on its earnings largely depends Pakistan's external financial stability, aided admittedly by cotton from the West but also again by tea from the East. It would be folly to argue seriously that East Pakistan should be permitted, for instance, to spend all its foreign exchange earnings on itself when the main impetus for industrialization has come from the West. Moreover, foreign capital still urgently required is a good deal more attracted to the strategically and politically more stable western wing of the country. These industries require raw materials, for which foreign exchange has to be supplied. East Pakistan, not always self-sufficient in food, might also find it difficult, for instance, to impose sufficient revenue to meet essential expenditure. On all these counts the suggestion to divide the finance portfolio is particularly to be deplored.

Mr. Suhrawardy has meanwhile demanded that the East Bengal members of the Constituent Assembly should resign and be replaced by members of the United Front Party, on the ground that they do not now represent the electorate. On purely legal grounds, and Mr. Suhawardy is a distinguished lawyer, this demand has little force, since separate elections are held for the Central Legislature. The Prime Minister, an East Bengali himself, has there-

fore resisted this demand, as also the demand that representatives of the United Front Party should be given seats in the Cabinet. But these are only the first thrusts in what will certainly be a long-fought-out duel. There appears to be no legal or historical precedent for the voluntary dissolution of a Constituent Assembly half-way through its deliberations, and it would be a pity if the progress made since Mr. Mohammad Ali became Prime Minister, particularly his well-known and successful formula for parity between East and West Pakistan, all came to nothing and the much delayed question of framing Pakistan's future constitutions received another set-back. The Prime Minister is not on quite such strong ground in refusing to give the United Front Party representation in his Cabinet, and politically his best bet would seem to be to offer the United Front Party, which represents on its showing in this election a large percentage of the electorate, seats in the Central Cabinet in return for a truce over representation in the Constituent Assembly and particularly over the parity formula, which was only passed through the Constituent Assembly after much deliberation. It would certainly be foolish to proceed now with the complicated question of constitution-making, only to find the East Bengal Government ultimately repudiating it or to find, after elections are ultimately held, that the new East Bengal representatives of the Central Legislature were trying to force through Parliament basic amendments to the Constitution. Certainly statesmanship of a high order will be required to resolve these problems, but they are issues which go to the roots of Pakistan's economic and political existence. Both Mr. Fazlul Haq, who leads the new East Bengal Cabinet, and Mr. Suhrawardy, who for the moment is leading the attack against the Central Government in Karachi, are surely experienced enough politically to know how far to go, and both certainly, and contrary to Muslim League propaganda, have the interests of Pakistan well at heart.

Lahore Conference

THE seventy delegates from the United Kingdom, the Dominions, the Republic of India, the Federation of Rhodesia and Nyasaland, and many other Commonwealth countries who met in Lahore in the second half of March for the unofficial Commonwealth Relations Conference can be well satisfied with their visit. The Conference, one of a series which have taken place at intervals of every four or five years, and which are sponsored by the Commonwealth Institutes of International Affairs, was held this year for the first time in Pakistan at the invitation of the Pakistan Institute of International Affairs, which is incidentally the youngest of all the Commonwealth Institutes. The United Kingdom delegation included in a very strong team Mr. Hugh Gaitskell as leader, Mr. Gordon Walker, Mr. Maclay and Dr. Mansergh, the Smuts Professor of Commonwealth History at Cambridge. There was free and frank discussion on such vital Commonwealth topics as migration within the Commonwealth, Britain's attitude to colonial territories, the South African racial problem, and, of course, the issue in the neighbouring State of Kashmir, all of which might at some future date well cause dissension in a Commonwealth still not really strong enough to withstand serious attack

from within. All these problems were discussed in an atmosphere of the greatest informality and friendship. All the delegates admitted that they had learnt a great deal at the Conference, but perhaps the best test of its undoubted success was the fact that, because the delegates had learnt so much of each other's problems, the final speeches were in many cases very different from those made at the beginning. Unfortunately the Conference did not attract quite the public attention in Pakistan that it deserved. For instance, although it included several outstanding Commonwealth personalities, it did not attract anything like the same public interest as King Ibn Saud's recent visit. This was partly due to public preoccupation with the East Bengal election campaigns, which were reaching their climax as the Conference began its discussions. But there are deeper reasons also. The press and the public of Pakistan are not yet really Commonwealth-minded. In the exuberance of obtaining independence, and the excitement of suddenly finding themselves on nodding terms with the whole world instead of the more limited acquaintance of Whitehall, there is a tendency for many Pakistani politicians, editors and officials to overlook many of the invisible attributes of Commonwealth membership, and it is very difficult either in private or in public discussion to perceive any particular emphasis placed on Commonwealth membership. It would perhaps be premature to say that Pakistan at present thinks more of what she obtains from the Commonwealth than what she can put into it, since the whole basis of the Colombo plan and Pakistan's present economic problems make this impossible, but the people of Pakistan should realize that if they are unable at present to make any substantial material contribution to Commonwealth well-being they could perhaps make a moral one. So far there are few signs that this is their desire.

The Government's decision to accept American military aid has met with wide acceptance from West Pakistanis, who apart from its wider aspects see in it a possible way out of some of their economic difficulties and an additional insurance policy should accidents occur in Kashmir. In East Pakistan, however, where Kashmir is not such a live issue, 162 members of the newly elected Assembly Party have opposed the Pakistan-United-States military pact on the grounds that it will entangle Pakistan with the West and negative its neutrality. It is unfortunate for the West and indeed for Pakistan that this split should come just at a time when it seemed likely that America might achieve the diplomatic success of organizing a loose though important military alliance in the Middle East with Turkey at one end and Pakistan at the other as two reliable sheet anchors. If Mr. Mohammad Ali remains in power, which he seems likely to do, and if he can negotiate a settlement with Mr. Suhrawardy, who has remained discreetly silent over American aid, and if suspicions of American intentions can be allayed and East Pakistan brought round to the West's way of thinking, there are good hopes that opposition to military aid from America will weaken.

Pakistan,

May 1954.

CANADA

THE NEW PARLIAMENT AT WORK

THE new Federal Parliament of Canada reassembled on November 12, 1953, with the Liberal Ministry of Mr. St. Laurent still in possession of a commanding majority, 173 out of 265 seats, over the combined strength of the three other parties in the House of Commons and overwhelming supremacy in the Senate where the opposition has now been reduced to a feeble rump of seven members. The programme of legislation outlined in the Speech from the Throne was comparatively modest and included only two measures of major importance, legislation concerned with the decennial revision of the Bank Act and the revision of the Canadian Criminal Code. When the session opened the ministerial front bench contained two recruits, Mr. John W. Pickersgill, the Secretary of State, and Mr. Jean Lesage, Minister of Northern Affairs and Natural Resources, who is regarded as the most promising of the younger French-Canadian politicians; and there were about sixty new faces in the House of Commons.

After the Christmas recess Prime Minister St. Laurent was absent from the House for more than a month on an aerial tour of the world, in which he visited a number of countries in Europe and Asia and obtained a first-hand insight into their problems. He has continued to lead the House of Commons with skill and dignity and his studious courtesy to his opponents has earned him their goodwill; but he entered politics too late in life ever to be a parliamentarian of the first rank. His long experience as a leader of the Bar has made him an expert at making a plausible case for Liberal policies and demolishing the arguments of his opponents, but his speeches have too many of the earmarks of pleadings in court and the monotonous nature of his delivery precludes him from any flights of real eloquence. However, his great contribution to the fifth successive victory of the Liberal Party in a general election has established securely his domination over the House of Commons, and he has now become a much sterner disciplinarian both of his Cabinet and of his followers than the late Mr. Mackenzie King ever was. His liberal outlook about international problems is in contrast with his distinctly conservative bias about domestic affairs; and some of his followers are disconcerted by his stubborn refusal to contemplate any reform of Canada's antiquated laws about divorce and to evolve some remedy for the now farcical position of the Senate. During the present session he has declared that he has been unable to discover any plan for the reform of the Senate which did not bristle with difficulties.

The Progressive-Conservative Party naturally returned in a chastened mood as the result of the meagreness of its gains in the last Federal election, and there was evidence as the session progressed that a faction of it was no longer satisfied with a leadership under which the party had suffered two

disastrous defeats. But when the Progressive-Conservative Party held its annual conference at Ottawa in March the murmurings of discontent with Mr. Drew's leadership did not find expression in open revolt against it, and he received a unanimous vote of confidence. However, his consciousness of the insecurity of his position was revealed in a lack of vigor in many of the speeches he has made during the session, and a reluctance to seize the initiative in raising issues that seemed to offer opportunities for an opposition.

Indeed on various occasions he allowed the C.C.F. to gain credit for calling the Government to account for errors in policy and administration; and observers of the parliamentary scene are all agreed that during the present session the C.C.F. have been much more effective critics of the Government than the official opposition, which has more than twice their strength. Their leader, Mr. Coldwell, is still the most finished parliamentarian in the House of Commons; and not only has he some very able lieutenants like Mr. Knowles and Mr. Herridge, but he secured from the last election a group of competent young recruits. Today there are very few ineffectives among the twenty-three members of the C.C.F. and they have often been able to sustain on their own account a debate against the Government.

The Social Credit Party remains a sectional faction, which preaches on a muffled note its pet remedy for Canada's economic and financial troubles but makes no serious contribution to the discussion of national problems. Moreover it has been greatly embarrassed during the session by the strange antics of its discarded leader, Mr. J. H. Blackmore, who has constituted himself the champion of both Senator McCarthy and Chiang Kai-Shek and has bored the House by a persistent demand for the appointment of a Royal Commission, whose task would be to ferret out the origins and techniques of Communism and the extent of its sinister activities in Canada and to devise ways and means for combating them effectively.

The Budget

ON April 6 Mr. Abbott presented to the House of Commons a Federal Budget which is expected to be his last, for he has repeatedly expressed his determination to escape from the onerous responsibilities of his present office. In the fiscal year 1953-54 both revenue (4,400 million dollars) and expenditure (4,390 millions) had fallen short of the forecasts of his previous budget by almost equal amounts, and the result was that the surplus of 10 millions was just 1 million less than the predicted figure. He had framed his budget for 1954-55 on the assumption that the present recession would be checked before midsummer and that an increase of economic activity in the second half of the year would, when allowance was made for the factor of growth, produce slightly larger revenues than the figure for 1953-54. So, since there was no material increase in expenditure, he reckoned that from the existing structure of taxation he had available a margin of 40 million dollars for its abatement. On this premise, the budget embodied the decision of the Government to follow the example set by the present Government of the United States and use most of the margin (36 million dollars) for the

elimination or reduction of excise duties on a substantial list of commodities, chiefly goods of the luxury class. The calculation behind this move was that, if these reductions were passed on to consumers, they would be encouraged to buy more freely and the resulting clearance of stocks which were now clogging merchants' shelves and warehouses would pave the way for fresh orders to manufacturers and so create more industrial employment. There is already some evidence that this policy is bearing some fruit through price reductions, but an adequate appraisal of its success is premature. The budget proposed seventy-four changes in the tariff; none of them was downward, and the great majority were merely amendments of wording designed to remove ambiguities, anomalies or administrative difficulties.

The budget debate is still unfinished, but naturally such Liberals as have spoken have found no faults in it but clear evidence of skilful stewardship of the national finances. But it has found favor with none of the parties in opposition, and the gist of their criticism was that Mr. Abbott had produced a budget of blank negation, which offered no real relief to the overburdened taxpayers, made no provision for coping with the serious volume of unemployment, did nothing to break the blockade on wheat, showed no concern with the high price level which has cost Canada a shrinkage of export trade, and was based upon an unwarranted optimism about the prospects of the national economy in 1954.

The quarrel about financial relations between the present Federal Government and the *Union Nationale* Ministry of Quebec was reopened in acute form when Premier Duplessis secured virtually unanimous authority from his provincial legislature to levy a provincial income tax equivalent to roughly 15 per cent of the Federal income tax. The Duplessis Ministry was the only one of the ten provincial governments which had refused to conclude with the Federal Government a five-year agreement waiving their right to collect income tax and, except in the case of Ontario, death duties, in return for generous annual subsidies from the Federal Treasury computed on a sliding scale. If Mr. Duplessis had signed an agreement, he would have been entitled to draw from the Federal Treasury in the fiscal year 1953-54 113 million dollars, which was roughly 28 million dollars more than the combined total of his corporation taxes (70 millions) and the deduction of 5 per cent of the Federal income tax available to payers of a provincial income tax (15 millions). But after making allowance for this deduction some 300,000 taxpayers in Quebec found themselves liable to 10 per cent more income taxation than the residents of other provinces; their dislike of this prospect made them apply strong pressure at Ottawa for a concession in the budget, which would permit them to deduct the full amount of their provincial income tax from the Federal tax. This demand had support not only from the Duplessis Ministry but from the provincial leaders of the Liberal Party in Quebec and most of the newspapers in the province, but Mr. St. Laurent and his Cabinet after careful deliberation reached a unanimous decision to reject it.

Mr. Abbott devoted a considerable part of his budget speech to an explanation of the Government's reasons for this rejection. The gist of his arguments was that the uncooperative attitude of Mr. Duplessis in refusing to sign an

agreement, which would have yielded the province an additional 28 million dollars, bore the sole responsibility for the new provincial income tax, and that the concession of the demand for its full deduction would establish a principle, which would wreck the structure of a financial arrangement accepted and found satisfactory by the nine other provinces and designed to enable the poorer provinces to maintain a minimum national standard in the field of services of social welfare and to promote fiscal and other policies needed for the assurance of a high level of production and employment in Canada. But he intimated that, if Mr. Duplessis wanted to live up to his professions of a desire for cooperation and collaboration, the door would always be open to him at Ottawa for a full and frank discussion of the problems at issue.

So far Mr. St. Laurent has not intervened in the debate; but on the day before the Easter adjournment his youngest French-Canadian Minister, Mr. Jean Lesage, defended the policy of the Government in an admirable speech, which enhanced his rising prestige. He contended that the deduction of the full amount of the provincial income tax would create new difficulties with the other provinces as well as Quebec and that the Duplessis Ministry was making the inadmissible claim to decide, as it deemed fit and by unilateral action, what amount of revenue it should extract from the Federal Treasury. He was ably seconded by another French-Canadian Liberal, Mr. Joseph Fontaine, who made a vigorous attack upon Mr. Duplessis, asserting that he did not understand the meaning of the words "national unity", that he had always considered the rest of Canada, outside of Quebec, as a foreign nation and the Federal Government a hostile administration, that he had habitually treated the Federal members from Quebec as ciphers and that the basic motive behind these attitudes was a determination to make Quebec his own special reserve in which he would be "the great white chief" armed with more and more dictatorial and totalitarian powers.

Liberal Feud with Quebec

BEFORE the budget was presented Mr. St. Laurent had secured from a caucus of the Liberal members of both Houses of Parliament unanimous endorsement of the decision of his Cabinet; and none of his French-Canadian followers had made any protest against it. But they make no secret of their nervousness about the future moves of Mr. Duplessis. So far he has contented himself with some brief adverse comments about the decision and one of his observations, namely that it would please those who wanted only one language in Canada, was a subtle appeal to French-Canadian jealousy of their linguistic and other special rights. The statutory term of the Duplessis Ministry, which has a huge majority, does not expire until 1956, but the Liberals foresee the possible opportunity for an appeal for a vote of confidence in himself as the only trustworthy guardian of the deeply-cherished provincial rights of Quebec.

Now Mr. Duplessis is a very skilful demagogue and a virtuoso in the arts of electioneering with a well-oiled political machine at his command, and the Liberals are fully aware that in the provincial arena in Quebec they have no

leader who could cope with him effectively in a campaign on the present issue. It is a well-established tradition in Canada that Federal Prime Ministers should not intervene actively in provincial elections, but many Liberals feel that a breach of it by Mr. St. Laurent would offer their only hope of victory and also confess to fears that it might not assure it. Experienced observers of the political situation in Quebec report that Mr. Duplessis has been extremely successful in convincing the great majority of the French-Canadians that, unless a firm stand is taken against this aggrandizement of the Federal tax authority, the pass will be sold for other similar moves, which will gradually wipe out the special provincial rights of Quebec and threaten the ultimate extinction of the separate cultural heritage of French Canada; and that he has now worked up racial emotion for his cause to a pitch which even Henri Bourassa, the famous Nationalist leader, could not accomplish in his palmiest days. It is also a very ominous sign of the solidarity of French-Canadian opinion behind Mr. Duplessis that a paper like *Le Devoir* of Montreal, which has hitherto been bitterly hostile to him, is now supporting his stand and greeted the budget with the headline, "Government declares war on Quebec". Liberal members from Quebec have been dismayed to find that many of their former supporters have now ranged themselves behind Mr. Duplessis. If intervention by Mr. St. Laurent proved abortive, both he and his party would be seriously discredited in Quebec, and when the next Federal election came round, they would almost certainly find Mr. Duplessis abandoning the neutrality which he had observed in 1949 and 1953 and nominating for every Federal seat in Quebec *Union Nationale* candidates, who might well capture a substantial number of them.

But the Progressive-Conservative Party has, to the dismay of some of its wiser members, become deeply involved in the feud between the Liberals and Mr. Duplessis. It was against their advice that in March, at the annual conference of the party, the delegates from Quebec contrived to secure the passage of a resolution which virtually committed the party to support the position taken by Mr. Duplessis. Its leader, Mr. Drew, had often previously professed complete sympathy with it, but he has evidently developed misgivings on the subject. At any rate in his speech in the debate on the budget he refrained from open endorsement of Mr. Duplessis's policy but argued that the St. Laurent Ministry, by trying to make permanent agreements about taxation, which their original promoter, the late Mackenzie King, had said were only to be temporary, was undermining the foundations of Confederation; he asserted that other provinces were as worried as Quebec about their provincial rights; and he appealed to the Prime Minister to lose no time in inviting the Premiers of all the provinces to a conference at Ottawa, and procuring their harmonious cooperation in the task of rebuilding the now crumbling Federal structure. But the foreboding of the shrewder Progressive-Conservatives is that, if Mr. St. Laurent becomes a vigorous crusader against the policy of Mr. Duplessis, he will have the sympathy of a large number of Progressive-Conservatives who will feel that it is no business of their party to aid and abet a demagogic troublemaker like Mr. Duplessis, whose policies have a racist and even separatist flavor. So they fear that, while the

gratitude of Mr. Duplessis might eventually produce for Mr. Drew a contingent of dubious allies from Quebec, it might well be a kiss of death for his candidates in the other provinces.

A Glut of Grain

THE problem of Canada's enormous unsold stocks of grain has naturally received considerable attention during the present session. On March 31 the total stocks of Canadian wheat, rye, oats, barley and flaxseed were placed at 1,281.3 million bushels, which was 106 million bushels above the comparable figure for the previous year; the stocks of wheat, 741.2 million bushels, had only once previously been exceeded, that is on March 31, 1943, when they amounted to 762.4 million bushels, and were 135 million bushels higher than the figure for March 31, 1953. In the first half of the current crop year ending February 28, 1954, oversea shipments of wheat at 126.3 million bushels have been 49.3 million bushels or 28 per cent below the comparable figure for the previous year-end. Exports of both oats and rye to the United States have been sharply curtailed by quota restrictions imposed by the Eisenhower Administration. When the problem of the huge stocks of wheat was raised early in the session, Mr. Howe, the Minister of Trade and Commerce, professed serene confidence that there was no ground for anxiety about the situation and that the outflow of grain would increase after the reopening of navigation on the St. Lawrence and relieve the congestion of storage space. But he has now been compelled to shed some of his optimism, and in a recent speech he pleaded that his grain-marketing officials should be excused from appearing before a parliamentary committee on the grounds that they were being "run ragged" trying to market Canada's stocks of wheat in as difficult a year as he ever remembered. He also admitted that the prospects of breaking the blockade of wheat were so poor that the Canadian Wheat Board could not guarantee to take delivery of more than half of the wheat crop of 1953 before the end of the current crop year on July 31. It is estimated that 382.7 million bushels or 52 per cent of the wheat crop of 1953 are still held on the farms and their holders cannot be paid for them until delivery is made. So during the debate on the budget agrarian members of the C.C.F. expatiated about the hardships which the grain-growers were facing, as the result of their inability to get adequate returns for their labors in 1953 and the impact of the resulting loss of purchasing power upon the whole economy of the prairie provinces, and demanded that the Government should make arrangements for advances on grain stored on farms. But so far there has been no sign that the Government is ready to contemplate such action.

The problem of a state of unemployment in excess of the normal volume produced every winter in Canada by seasonal cessations of work was raised repeatedly during the session by the parties in Opposition. They contended that it had reached dimensions which called for the initiation of special public works by the Government for the relief of the unemployed. But the spokesmen of the Government argued that the total number of unemployed only

represented a small fraction of Canada's civilian labor force, now estimated at nearly $5\frac{1}{2}$ millions, and that the general resumption of outdoor work, which always occurred after the spring thaw, would provide jobs for many of the workless. But these hopes have not been realized, the latest official report of the Department of Labor about employment showing that on March 18 the number of applicants for jobs registered at the offices of the National Employment Service was 569,898, which was roughly 162,000 more than the figure for the comparable date in 1953. A grain of comfort, however, was found in the fact that in the four weeks preceding March 18 the rise in the number of applicants for jobs was only 10,000, which was materially smaller than the increases in each of the previous months. The Government, moreover, claims that the figures of the Department of Labor do not give a true picture of the situation, for they include many workers who were merely seeking to change their jobs and others who were the victims of temporary industrial readjustments; it prefers to rely on alternative figures of the Bureau of Statistics which showed that in the week ended March 20 there were 318,000 persons without work all week and looking for work. But the Opposition accused the Government of culpable apathy about the situation, and after the publication of the latest figures about unemployment the heads of the labor organization renewed their demand for a special programme of public works.

Four Federal by-elections held just before the Easter recess revealed that there had been no change in political sentiment since the general election held last August, since the Liberals held two seats in Quebec by comfortable majorities and the Progressive-Conservatives were equally successful in retaining two seats in Ontario.

Canada,

May 1954.

AUSTRALIA

THE ROYAL TOUR

BEFORE the Royal visit to Australia had taken place it would have been easy to predict accurately many of its most important results. The graciousness of Her Majesty and of her distinguished consort has, as everyone expected, strengthened the ties of Australia with the Commonwealth of Nations and deepened the affection of Australians for their Queen. The cheering crowds, who rejoiced in the spectacular qualities of the tour and gathered in enormous numbers to welcome the Queen, were as proud as could be to welcome the first reigning monarch to visit their country. Admiration for the Royal couple gave a glowing warmth to the title "Queen of Australia". Pride of country increased perceptibly. Most of the New Australians, whose national origins are very diverse, were sincerely affected by the obvious strength of the Australian attachment to the monarchy and by the immense popularity of the Royal visitors with every class of society.

The Royal tour produced other consequences which were less widely expected. One was a fresh assertiveness on the part of the States. For a long time effective power in the federal system has gravitated towards the capital of the Commonwealth. The Royal tour, however, was so organized that the arranging of the major part of it was left in the hands of the States. In all of them, and nowhere more than in New South Wales, the Premiers acted as if the Royal tour had materially increased the dignity and importance of the governments which they lead. The public reaction, except where it was influenced by party antagonisms, was certainly not enthusiastically in their favour.

The Commonwealth Government conducted proceedings at Canberra, during the visit there of Her Majesty and His Royal Highness, on a truly national plane. The stresses and strains of the federal system and even the clash of parties were completely forgotten. The Queen's Speech at the opening of Parliament and the speech of the Prime Minister, Mr. R. G. Menzies, at the Commonwealth Banquet were, in many ways, the highlights of the tour. Taken together, the two speeches may be regarded as a lucid and eloquent expression of the view of a majority of Australians concerning the modern democratic monarchy and the Commonwealth of Nations.

In opening Parliament Her Majesty made to the assembled Senators and Members of the House of Representatives a statement so simple in its form and so profound in its significance that it warrants quotation:

It is . . . a joy for me, today, to address you, not as a Queen from far away, but as your Queen and a part of your Parliament. In a real sense, you are here as my colleagues, friends and advisers.

The same note was struck by the Prime Minister in his speech at the banquet. He first reminded his listeners of the Australian Royal title, "Elizabeth the

Second, by the Grace of God of the United Kingdom Australia and her other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith". He then made a warm-hearted declaration to which everyone hearing him gladly subscribed:

... the moving truth tonight has nothing to do with high pomp, or regal splendour; it is, quite simply, that you are in your own country and among your own people.

To enable Her Majesty to meet with her executive councillors in Canberra and, should occasion arise, perform, without legal question, executive acts, the Royal Powers Act (No. 74 of 1953) was passed. By section 61 of the Constitution the executive power of the Commonwealth is vested in the Queen. The Government of the Commonwealth was advised, however, that as the law now stands, while Her Majesty can exercise prerogative rights in Australia, as elsewhere throughout her Realms and Territories, she cannot, in the absence of an appropriate enactment, lawfully exercise any power conferred by a statute of the federal Parliament on the Governor General acting with the advice of the Federal Executive Council. No. 74 of 1953 accordingly provided that any power under a statute, which is exercisable by the Governor General, may be exercised by Her Majesty when she is personally present in Australia. "References to the Governor General or to the Queen are to be read", the Act ordains, "as references to the Governor General or to the Queen, acting with the advice of the Federal Executive Council."

The Royal Tour has undoubtedly given a richer, deeper and clearer meaning to the title, "Queen of Australia". She has opened her Australian Parliaments, presided at meetings of her Executive Councils and given her Assent to Bills. In her person and by her speeches she has symbolized and expressed the unity of the Commonwealth of Nations of which she is Head. She has declared that all the nations belonging to the Commonwealth believe in parliamentary sovereignty, a democratically controlled executive, and the just administration of the law. In doing all these things, she and her husband have succeeded, also, in strengthening the ties of personal affection which count for so much amongst the links binding Australia to the Crown and to the British Commonwealth.

An Australian National Flag

ONE of the Bills to which Her Majesty assented while in Australia is cited as the Flags Act, 1953. On the inauguration of the Commonwealth the Colonial Office suggested to the Australian Government the desirability of having an Australian national flag. Thereupon the Commonwealth offered a prize for an appropriate design. This advertisement elicited some 30,000 entries. The winning design was submitted to, and approved by, King Edward VII in 1902. It was, in substance, a defaced British Blue Ensign. As the Australian Blue Ensign it was flown, first by Commonwealth Departments and, more recently, by Australians generally. But, until December

1953, it was not formally declared by Parliament to be the Australian National Flag.

This flag has been described by Dr. Evatt as "probably the most beautiful flag in the world". Symbolically and historically, it is no less satisfying. The upper quarter next the staff is occupied by the Union Jack, indicating, as Dr. Evatt has observed, "the integral association of Australia with the United Kingdom and the British Commonwealth of Nations". Beneath it, and pointing direct to the centre of the St. George's Cross in the Jack, is a large, white, seven-pointed star, the seventh point having been added in 1908 to represent the territories of the Commonwealth. The points represent the six states and the territories, and the whole star stands for their federal union; so that this device happily denotes the Australian nation. In the fly, or on the right-hand side* of the flag, five white stars depict the Southern Cross, the distinctive constellation in the southern hemisphere.

Although the reservation of such a Bill is not required either by the Constitution or by any statute, this particular one was reserved by the Governor General in the exercise of the discretion so to do conferred on him by section 58 of the Constitution. His reason for doing so is a matter of conjecture, but it is conceivable that the Government desired that, while in Australia, Her Majesty should perform as widely representative a sample of the royal functions as was convenient, and that it was of the opinion that the Flags Bill was a measure intrinsically appropriate for her personal assent. Such assent was given on the advice of her Australian Prime Minister, as in the case of the Royal Style and Titles Act, 1953, although, in that instance, since Her Majesty was then in the United Kingdom, his advice was transmitted to her through the Governor General.

The Commonwealth Finance Ministers' Conference

THE financial representatives of nine members of the British Commonwealth assembled in Sydney during January for a full-scale conference on sterling-area economic problems. Such an important meeting was unique for Australia, and perhaps also it symbolized the growing importance of the overseas sterling countries in Commonwealth economic affairs. That the first such conference held outside London should be in Australia was recognition both of the size and importance of Australian trade in the sterling area and of the initiative taken by her officials at previous conferences.

The substance of the conference, too, was of considerable importance to Australia, since her economy is heavily dependent upon the volume of overseas trade, while progress in national development rests considerably on her ability to attract capital from abroad. Australia's economic ties with the Commonwealth are strong, but they are not exclusive, and the need to trade more extensively with America and to interest American capital in investment opportunities looms large in the Australian consciousness. The conference objectives of currency convertibility and non-discrimination in trade, therefore, however remote, are widely attractive to Australians; and indeed

* That is, the spectator's right—the heraldic sinister.

Australian officials in the past have taken a lead in urging more positive policies designed to ease currency restrictions.

Australian opinion has never seen the problems of the sterling area as a simple alternative between wide multilateralism and a system of discriminatory bonds between sterling-area countries. It has recognized that such clear-cut alternatives are impracticable. Indeed, the export industries mainly rely on multilateral trading, while part of the industrial structure has been built up on discrimination in the form of tariff protection and imperial preference. In practice Australians are more interested in the removal of currency restrictions, which would give them greater freedom to trade with the United States and other countries. Yet strong differences of opinion exist on trade barriers and discriminatory arrangements. Australian manufacturers have only grudgingly accepted the progressive easing of import licensing, for the severe restrictions of 1952, imposed to protect the balance of payments, had given them substantial protection against oversea competition, to which they had been exposed by the high level of internal costs. Furthermore, neither the Commonwealth Government nor the manufacturers are happy about the tariff limitations imposed by membership of the G.A.T.T.

Other controversial ground is the subject of imperial preference. Australian manufacturers who, in the past, accepted preference with reluctance, see in an increase in preference now a means of additional protection against low-cost imports, and some of the smaller export industries hope for a larger protected market within British countries. On the other hand, other export industries, including the wool-growers, are firmly opposed to any preferential system. The Prime Minister, Mr. Menzies, is himself a keen supporter of closer economic ties within the British Commonwealth, and, although recognizing the serious obstacles to making them formal, pleaded at the conference for a greater volume of trade between sterling-area countries. Broadly he contended that a greater volume of Commonwealth trade, far from being exclusive, is a step towards freer general trading conditions rather than an alternative to them.

Australia's Continental Shelf

IN recent years, owing to technical developments which make possible the drilling for oil under considerable depths of water, the question of the ownership of the continental shelf has become important. In 1953 this shelf was defined, in the draft convention of the International Law Commission, as "the seabed and subsoil of the submarine areas contiguous to the coast, but outside the area of the territorial sea, to a depth of 200 metres".

The draft gives the coastal state sovereign rights over the continental shelf "for the purposes of exploring and exploiting its natural resources". The term "natural resources" was used, rather than "mineral resources", expressly to include sedentary fisheries. By Articles 3 and 4, the legal status of the super-adjacent water as high seas, and of the airspace above, is not to be affected by the rights of the coastal state. Nor may the establishment of sub-

marine cables be prevented; nor may there be any "unjustifiable interference with navigation, fishing or fish production". Coastal states may construct installations on the continental shelf for the purpose of exploration and exploitation, but these installations are not islands and consequently do not have a territorial sea of their own. Where a continental shelf stretches all the way between two countries, as between Australia and New Guinea, the median line, in the absence of any special agreement, is to be taken as the boundary.

Australia, by a series of Pearl Fisheries Acts and several proclamations, has claimed sovereignty over a large area of continental shelf around her northern coast. In 1888 and 1889 the Federal Council of Australasia passed two Acts, the Queensland Shell and Bêche-de-mer Fisheries (Extra-territorial) Act and the Western Australian Pearl Shell and Bêche-de-mer Fisheries (Extra-territorial) Act, which gave Queensland and Western Australia control over large areas of the seabed outside Australian territorial waters. In 1952, in the exercise of its power under section 51 (10) of the Constitution, the Federal Parliament repealed these two Acts and set up a system of licensing pearl fisheries in Australian waters. Australian waters were defined by this Act (No. 8 of 1952) as "(a) Australian waters beyond territorial limits, and (b) the waters adjacent to a Territory and within territorial limits". The Act No. 4 of 1953 added a new paragraph: (c) "the waters adjacent to a Territory not being part of the Commonwealth, and beyond territorial limits." A little later the draft of the International Law Commission was published and negotiations for a fisheries agreement with Japan were broken off.

Japan believes in the right of anyone to fish anywhere on the high seas. Australia believes in control and a licensing system to conserve the fisheries. While the negotiations were proceeding, Japan announced that her fleet was arriving within a few days to fish in a disputed area. Australia broke off the negotiations, claimed sovereignty over her continental shelf and that of New Guinea, and passed the Pearl Fisheries Act No. 38 of 1953.

This Act, and the Regulations issued under it, set up a comprehensive system of licensing of the pearl fisheries, applying to Australians and foreigners alike. The Act added the following phrase to the (a), (b) and (c) of the previous Acts, "being waters that are above the continental shelf" and defined the continental shelf in terms identical with those of the International Law Commission draft, except that the words 100 fathoms are used in place of 200 metres, a minor difference required because British charts are marked in fathoms.

Japan is challenging Australia's action before the International Court. An opportunity will thus be afforded for the whole theory of the continental shelf to be adjudicated upon. In view of the line of thought taken by the Court in the Fisheries case between the United Kingdom and Norway, when it gave a decision based, in part, on geographical and economic considerations, it is likely that Australia's case will be upheld. An adverse decision would have wide repercussions since, in her action, Australia has followed the U.S.A., which has claimed some 750,000 square miles of continental

shelf, at some points reaching 250 miles from the coast. Some twenty other countries have asserted similar claims.

The New England New States Convention

THE question of the creation of new states—in other days colonies—which, for over one hundred and thirty years, has been a recurring topic in the public life of this continent, and which, in its twentieth-century manifestations, has been the subject of articles in this journal, has recently again demonstrated its vitality in the north-eastern and mid-northern districts of New South Wales. The last of a number of such conventions was held by the "New England New State Movement" at Armidale in February of this year.

This convention had particular significance by reason of the fact that, a few weeks before, there had been an interesting inquiry into public opinion within the "Nicholas Area".* Despite the specific advice of the Local Government Department that it would be beyond the legal powers of local governing bodies, sixteen councils conducted official polls and four others gave approval for the conduct of a poll by representatives of the movement at the same time as the local elections. Consequently on December 5, 1953, the electors concerned were asked the question: "Are you in favour of the establishment of the New State of New England?" Of those who went to the poll 76.9 per cent voted "Yes". Whilst this did not test the opinion of Newcastle, it does reflect opinion of the Coast, the Tablelands and North-West in both cities and remote areas, in developed and undeveloped regions. It would seem certain also that this result could have resulted only from the support of electors of all parties. This is not surprising, since, at the Gwyder by-election held earlier in that year, all the candidates who represented the three major parties promised support for the New England Movement.

The delegates and visitors to the Armidale Convention, together with messages of goodwill received, indicated strong support within the area and a measure of interest from some Sydney groups and from a number of parliamentarians of the various parties. The debates and the resolutions carried revealed great strength of purpose, awareness of the immediate difficulties, and attempts at systematic planning for wider and more effective support. For the immediate future, the most important decision was to recommend to the Executive of the movement that it "nominate and support candidates in the New State cause at State and Federal elections in any electorate where none of the candidates representing any of the three major political parties are prepared to give an undertaking, in writing, to work and vote for the New State's establishment whenever the opportunity occurs, and particularly should the question arise in Parliament."

Australia,
May 1954.

* The area in the north of New South Wales, including Newcastle, which, in the opinion of Mr. H. S. (later Mr. Justice) Nicholas, the chairman of the "Boundaries Commission" of 1934, was suitable for a new state.

SOUTH AFRICA

THE BUDGET

THERE is general sympathy for Mr. Havenga, who has had to absent himself from the debate upon perhaps the best-received budget of all the twenty-three for which he has been responsible. As the result of a serious motor-car accident, which happened only three days after the delivery of his budget speech on March 24, the Minister suffered considerably from shock and is having to take a recuperative holiday from his parliamentary duties. In one so conscientious as Mr. Havenga this must be regarded as an indication of a real need for rest. South Africans of all shades of political opinion know that the Minister of Finance has never spared himself in serving the Union's financial interests, whether in exhausting globe-trotting or assiduous office-work. In wishing him a speedy restoration to health, they are at least united in one thing.

The task of piloting the Finance Bill through Parliament, which has been deputed to the Minister of Railways, Mr. Sauer, is, however, likely to be easy. The attitude of most Opposition members is one of envy that the budget is not theirs, rather than of earnest criticism. Nevertheless, only time will show whether it is as completely free from serious criticism as its almost universally favourable reception would seem to indicate. It stands out in marked contrast with his "sobering budget", introduced as short a time ago as July 1953.* Different explanations might be offered to account for this contrast. For obvious reasons one cannot expect the Minister to lay bare his own secret thoughts, since to do this might itself constitute a potent disturbance of the economy through its influence upon people's expectations. Hence we must wait and see what next year's budget will reveal before we can judge whether both the "austere" budget of July 1953 and the "optimistic" budget of March 1954 were appropriate to their particular circumstances.

Last year estimated ordinary expenditure from revenue was originally placed at £223 million, while an additional £12 million were to be diverted from revenue account to the loan programme, to cover which additional taxation was levied. A further £6 million were to be raised for the loan account by way of a savings levy.

Although they differ in detail, the revised estimates of expenditure for the year just past do not differ widely in the aggregate from the original ones; but the revenue collections were greatly underestimated, so that a surplus of over £15 million is now expected to result in the 1953-54 tax year. When this surplus, in turn, is transferred to loan account, it will mean that no less than £33 million were raised by taxation or compulsory savings levy and devoted to the Government's loan programme of public works during 1953-54.

During the coming financial year Mr. Havenga expects to be able to reduce

* See THE ROUND TABLE, No. 172, September, 1953, pp. 393-5.

the loan vote to £79 million—a decrease of 20 per cent. In this connexion, one of the difficulties of reconciling Mr. Havenga's attitude in his last two budget speeches occurs. Last July he spoke boldly of the need to divert investment into government channels by taxation, in order to redress the disparity between public and private investment. On this THE ROUND TABLE turned a rather critical eye; and now the Minister himself has said of the Union's investment problems: "It would be futile to attempt to relieve this strain merely by transferring resources from the public to the state by means of taxation . . . restraint of public expenditure must form an important and essential part of any policy designed to preserve a sound and balanced economy."

£15 million out of the £79 million of the loan programme will be provided by the transfer of the revenue surplus of 1953-54, and another £45 million either from the funds in the hands of the Public Debt Commissioners or from those receipts which are automatically credited to the loan fund. £4 million will be drawn from the loan granted last August by the International Bank. £15 million, therefore, remain to be found, and this amount will once more be covered by a diversion of the proceeds of ordinary taxation to the loan fund. There will be no placing of Union Government loans on the market during the coming year, save for conversion purposes.

Income Tax

OVER half the £15 million surplus last year arose from a marked underestimate of the yield from income tax. It is gratifying to be told that this time the cause was not the further collection of arrear taxation. It is now recognized as having been due to underestimating the rate of increase of the national income, and, as a result, the yield from income tax, on the 1953-54 basis of taxation, has been estimated at £14½ million higher in 1954-55 than in the original estimates for 1953-54. On the 1953-54 basis of taxation, the total revenue yield for 1954-55 is now estimated at £256 million.

The revenue, therefore, appears to be buoyant enough, not merely to provide for financing the loan programme from current taxation to the extent of £15 million but to give additional relief to war veterans over 70, to old-age pensioners, blind and physically unfit pensioners, recipients of maintenance grants and family allowances, at a total cost of over £1.3 million. In addition, £5 million are to be devoted to partly making good the actuarial deficit in the pension fund for civil servants, while £2.2 million are to be paid to the Maize Industry Control Board in respect of profits from the export of maize, which had for several years been in dispute between the Treasury and the Board. The Treasury view was that these export profits ought to have been offset against the subsidies voted by Parliament to stabilize the internal price of maize, but it has now accepted the Maize Board's contention that they should not have been so offset, and they are being refunded to the Board.

Even with all these fresh commitments, totalling £8½ million, plus £15 million contribution to the loan account, or £23½ million in all, the estimated expenditure for 1954-55 will fall short of the £256 million revenue, estimated

on the existing tax basis, by £6 million. The bulk of this sum is to be sacrificed in various tax reductions, while, in addition, last year's savings levy is not being repeated (at a cost to the loan fund estimated at over £7½ million).

A very able committee on income-tax policy (though one which took a strictly technical view of its task and did not discuss the subject in its wider economic context) had issued its final report during the course of 1953. Several of Mr. Havenga's concessions are designed to follow its recommendations. Thus, its strictures on excessively high marginal rates of tax upon higher incomes are to be met by limiting the maximum combined rate for Union and Provincial normal and super taxes to 12s. 6d. in the £. This is estimated to cost the Treasury £400,000. An initial allowance of 10 per cent for new machinery to encourage modernization of existing industries will cost another £400,000. Rebates against the cost of providing new housing for employees, rather more generous in the case of farming than of industrial and commercial firms, are an important feature of the new budget, while other concessions to farmers include an extension of the offsets against income allowed for expenditure on various types of improvements, and doubling, to 20 per cent, the depreciation allowances on farm machinery.

In addition, the Minister announced further concessions respecting the depreciation allowances for ships of South African shipping companies. There is to be a reduction of 1 per cent in the transfer duty—which was raised last year—on the transfer of property between the values of £3,500 and £5,000 and of 1 per cent on the first £5,000 of all transactions above this amount. The excise duty on soft drinks, imposed in the 1952 budget, has been abolished, at a sacrifice of £600,000 revenue, and the extra 3d. added to the excise duty on tires last year has been withdrawn. This will mean the loss of another £1 million revenue. Another of last year's new impositions which has been removed again is the additional 10 per cent surcharge on normal income tax and supertax, while, in addition, the primary rebate of income tax has been increased from £26 to £31 for married taxpayers and from £21 to £23 for single ones—a transfer to the income-taxpayers' pockets of altogether a further £2½ million. A reduction of death duties, at the expense of the loan account, completes the well-assorted miscellany of tax reductions.

It has been pointed out earlier that only time will show what the joint verdict upon Mr. Havenga's last two budgets must be. The uncharitable verdict would be that last year he had a very tight loan programme to finance and this year a much easier one, so that he introduced unnecessary fluctuations into the economy by clapping on heavy taxation in July 1953 to provide finance out of the revenue account, and taking it off again in March 1954 once the stringency was past.

There are, however, reasons for doubting if this explanation of the different approach to the 1953 and 1954 budgets is adequate. First of all, the very size of the 1953-54 surplus indicates that last year's budget did not have an unduly depressing effect upon the economy. In the second place, as regards the budget just introduced, some significance must surely be given to these words of the Minister: "I would have hesitated to recommend a material reduction of taxation had there not been indications of a substantial decline

of inflationary pressures. . . . A measure of tax relief could be justified as a means of facilitating the adjustment of our economy to possible changes in world economic conditions."

His judgment may, of course, be at fault, but it looks as though the Minister, far from budgeting high or low according to immediate needs, has been striving to use budgetary policy, rather gently, as a means towards keeping the economy upon a more even keel. It suggests also that Mr. Havenga takes the American "recession" quite seriously. Indeed, from that point of view, it is perhaps worth noting that in July 1953 United States industrial production was at a post-war peak, from which when the final touches were being put on the framing of the current budget, it had already dropped by as much as in the whole of the 1949 recession.

Native Education

ONE feature of the budget speech remains for comment. It is a topic which does not really arise in the present budget. It is essentially a notification for the future, and it seems to be an object of government policy rather than the outcome of Treasury niggardliness. Since Mr. Hofmeyr broke the link tying expenditure on Native education to the yield of the special Native taxes, such expenditure has steadily mounted (as rapidly under the present Government as under the previous one) until in 1954-55 it will be financed by approximately £2 million taken from the £2½ million collected in special Native taxes and £6½ million from the consolidated revenue account. It is now proposed to arrest the growth of expenditure from general revenue on Native education, and fix £6½ million as the maximum contribution for the future. Any additional expenditure will have to be financed out of increased Native taxation. In the next fiscal year, 1955-56, this will be signalized by the opening of a new Bantu Education Account, into which will be paid the fixed £6½ million plus four-fifths of the yield of Native taxation.

This move has been justified (by the Minister of Native Affairs in particular) on the grounds that "the Native values what he creates himself more than what is given to him", and that, under the Bantu Education Act of 1953, which transferred control of Native education to the Native Affairs Department, opportunity would be given to the Natives to build up a worthier educational system based on the virtues of self-help.

There are many who would accept Senator Verwoerd's first proposition without accepting the conclusions he draws from it. Fortunately for society, most people—and not only Natives—place more value on the things for which they have thought it worth while making sacrifices than on things achieved without sacrifice; and neglect of this wholesome trait in human nature may well be the fundamental weakness of the modern "welfare" State. But it seems humourlessly doctrinaire to suggest that the Native people (less than one in a hundred thousand of whom is ever likely even to see the annual estimates) will feel they have a new personal stake in educational finance as the result of the opening of another account within the con-

solidated revenue fund into which their poll-tax is paid. That would be an achievement in political philosophy rare even in the more developed and better-educated white citizens.

The transfer of control of Native education to the Native Affairs Department is a development that has been received with distrust and disquiet amongst the African community. One would have thought that the first endeavours of the Department would have been to allay suspicion by patiently and unobtrusively setting to work to prove that in practice the change was beneficial. In place of that, even before the new régime has got on to a working footing, and before the Department has gained experience of the financial and other needs of this new and grave responsibility which it has undertaken, notice has been given that the first fruit of the change to emerge is nothing else than a limitation of the financial provision for Native education. It is difficult to suggest any action that could have been more tactless than this premature announcement, which illustrates the unfortunate failure to understand the other person's point of view that dogs a dogma-ridden Government. Nothing could have been better calculated to ensure that the new model in Native education starts off on the wrong foot.

POLITICAL CHRONICLE

THE political respite brought about by the appointment of a joint select committee to inquire into the matter of the Coloured franchise lasted until half-way through the current parliamentary session. As reported in the December issue of *THE ROUND TABLE*, the joint session last year ended with the appointment of a select committee of senators and members of the House of Assembly charged with inquiring into and reporting on the subject-matter of the Separate Representation of Coloured Voters Act, the ill-fated statute which after its passing in 1951 was declared invalid by the Appeal Court. The committee was soon converted into a commission and spent the recess hearing a great volume of evidence. With the beginning of the session in January the commission was reconverted into a select committee, and at the time of writing has just produced its report. The committee and commission proceedings have made no change. With the help of a solid government majority, the select committee recommends that the invalidated Representation Act should be validated at a joint session, a project which was firmly contested by the minority representing the United Party and other opposition groups. We are thus where we were, with the minor difference that government policy is now to add to separate parliamentary representation a "Union Council of Coloured Affairs", an advisory body made up of elected and nominated members which would be roughly parallel to the Natives' Representative Council which was set up at the time the Native voters were politically segregated.

These manoeuvres are a preliminary to another joint session and, in the event of failure to achieve a two-thirds majority, to some possibly more drastic action. The reports of the commission and committee will be analysed

in the next number of THE ROUND TABLE against the background of the events to which they will have given rise.

With the temporary removal of the Coloured vote controversy and the associated constitutional conflict to the remoteness of the parliamentary committee rooms a comparative peace descended on the South African political scene. At the party level the main development has been the emergence of an "Independent United Party". Space is too limited and the subject of insufficient importance to justify an elaborate analysis. In previous articles it has been indicated that a number of members of the United Party had made independent approaches to the Prime Minister on the subject of the Coloured vote and the issue of the law courts. These, allied with obscure disputes within the inner councils of the United Party, culminated in the formal expulsion of five members headed by Mr. Bailey Bekker, the Transvaal chairman of the United Party.

When the session of Parliament began in January these members sat as a separate group; and as the session developed they frequently voted with the Nationalists against their former party. At the time of writing it is not known whether they will help the Nationalists to achieve a two-thirds majority on the Coloured Vote Bill. Although there may be an addition to their number, Dr. Malan will fail to get his majority even with their help.

At a higher level there has been a notable development in the clarification of ideas on the broad colour issue. The pace was set by a remarkable speech in Parliament by Professor I. J. Fourie, a United Party member who is also a professional economist. His demonstration that White and Black in this country are an integrated economic whole was notably underlined by Mr. Harry Oppenheimer, M.P., the effective head of the Anglo-American Group, the greatest of the mining and industrial enterprises of Southern Africa. Following on these speeches, Mr. Strauss, the leader of the United Party and of the Opposition, declared unequivocally that the fact of what he called "economic integration" had to be faced in this country even if recognition carried with it the possibility or even the probability of accepting a measure of political integration. This new definition of United Party thought was violently attacked by the Nationalists, who claimed to see in the recognition of the fact of integration a policy of promoting racial mingling on the economic and industrial level as a preliminary to political integration and ultimately the loss of White racial supremacy. The controversy continues and will do so for a long time. Although the discussion seems at times to be concerned more with words as words, there is a basis of substance; and there has undoubtedly been a hardening of thought and the emergence of a more positive body of thought in opposition to the ideas of *Apartheid*.

The conflicting ideas of "*Apartheid*" and "integration" clashed spectacularly on a proposal of the energetic Dr. Verwoerd, the Minister of Native Affairs, to abolish the so-called "black spot", of the Western Native Areas in Johannesburg. This is an area which has been inhabited by Natives for nearly half a century and where the Natives have built up an elaborate communal organization including freehold to property. It also includes some wretched slums. With the development of Johannesburg the White areas have ap-

proached and now encircle the Black areas. In the name of separate living, Dr. Verwoerd proposes to move the inhabitants to another area some ten miles away, without, however, giving the Natives freehold title in their new homes. The proposal has been strongly resisted by the United Party on the grounds that the township is a fact of integrated life, that it should be recognized as such and the best made of it.

Another point of strong opposition criticism was the machinery which Dr. Verwoerd finds it necessary to set up to give effect to his plans, machinery which usurps the functions of the local municipal authority but which also may leave the municipality with an enforced additional financial burden.

A surprising move by Dr. Malan at the time of writing has been the presentation of a motion to Parliament declaring that the High Commission Territories should be transferred to the Union "as soon as possible" and requesting the Union Government to reopen negotiations with the British Government. This is the culmination of a number of statements in recent years in which Nationalist statesmen have indicated that their patience on this topic is wearing thin. There is no substantial difference of opinion in White South Africa on the principle of incorporating the Territories, but to Dr. Malan's complaint that approaches to the British Government in the last forty years have been "futile" and that he wanted a parliamentary motion to "strengthen his hand", Mr. Strauss replied that the methods adopted by the Prime Minister seemed to be designed to force a quarrel with the United Kingdom.

The debate in Parliament was preceded by private discussions between Dr. Malan and Mr. Strauss and a voluminous correspondence has been published. From this it is clear that at first Dr. Malan contemplated proceeding by way of the machinery of the South Africa Act, which would have involved the presentation of a petition by the Union Parliament to the Queen. As a result of the opposition of Mr. Strauss, this proposal was modified to a parliamentary motion in general terms.

South Africa,
May 1954.

NEW ZEALAND

"OUR QUEEN"

ON January 12, 1954, Her Majesty Queen Elizabeth opened a special two-day session of the New Zealand Parliament. This ceremony, almost a hundred years after the first Parliament held its first session on May 24, 1854, expressed in ritual the growth to constitutional independence and maturity since that day.

It was the first occasion on which the Queen in person had opened a Commonwealth Parliament outside the United Kingdom, or a reigning monarch had performed the ceremony in New Zealand. But this was not the only event of constitutional significance. For the first time also, Royal Courts were established successively at Government House in Auckland and Wellington, and from there, on December 24, 1953, and January 14, 1954, respectively, Royal Proclamations were issued, first commanding Parliament to assemble and later proroguing it till March.

A Royal Powers Bill, passed in September, 1953, had already taken care of the situation to arise when both the Queen and the Governor General acting on her behalf would be in New Zealand at the same time. On January 13 Her Majesty held the first meeting of her Privy Council outside the United Kingdom and presided at a meeting of her Executive Council.

[Her Majesty's speech from the throne began with these words:]

It is with a feeling of real satisfaction that I speak to you, the elected representatives of the people of New Zealand, as your Queen, and that I exercise my prerogative of opening the Fourth Session of this Thirtieth Parliament.

This form of words and the royal style and title do not perhaps connote without ambiguity the meaning of "Queen of New Zealand". This did not concern the crowds in the cities who, for a glimpse, waited long hours in the gaily decorated streets, the farmers who gathered in the rural towns or the handful at remote sidings who waited for the royal train to slow down. There was no doubt of the sincerity or inherent spontaneity of the reception, or that for the first time the people of New Zealand *felt* that they had a Queen of their own. That they neither understood nor cared about the logic of owning a Queen matters not at all. "There is a place in democracy for ceremony, rich, dignified and noble", wrote Dr. J. G. Beaglehole before the Queen's arrival. "There is a place in society for emotion. . . . A Queen is better, in ceremonial observance, than a regiment of tanks." Constitutionally, the ceremonial of the opening of Parliament merely gave ritual expression to an existing situation. But the dignity and nobility and, for New Zealand, the richness of the ceremonial, did change something. It gave a certain quality to the emotional experience which flowed through the country and gathered strength with the royal progress. This progress personified the

Crown as a symbol of Commonwealth unity, and made it, as expressed by Her Majesty in her Christmas broadcast, "not merely an abstract symbol of our unity but a personal and living bond between you and me". It gave the people an opportunity to express, with unparalleled enthusiasm, their personal loyalty and devotion to a royal pair who also happened to be young and charming and who took an intelligent interest in the things they saw. The uninhibited showers of gifts on the Queen, the Duke and the royal children, the sometimes naïve attempts of local representatives to acquaint the royal pair with the history and achievements of their locality, even the occasional unsophisticated gaping and calls of "We want the Queen", couldn't happen to abstract symbols.

The constitutional ceremonies, however, added the element of enhanced national self-respect and brought home that the nature of the link with the "divisible crown" was somehow serious and important to our status as a nation in the Commonwealth, with independent as well as joint responsibilities.

There were other elements in this complex emotion. The establishment of Royal Courts was among the events which conveyed the sentiment that, on arrival at Auckland on December 23, the Queen had crossed the threshold and was home. There was the recognition, too, of a sacrificial element in royalty: onerous duties in addition to such pleasures as there might be as the focus of adulation and the centre of carnival. For the people, by and large, were not convinced by denials that the tour was imposing undue strain and fatigue.

Waitangi Today

ON February 6, 1840, the signing of the Treaty of Waitangi began. Under it, Maori Chiefs ceded their rights and powers of sovereignty to Her Majesty Queen Victoria in return for confirmation of the Chiefs in possession of their lands and the rights and privileges of the Maori people as British subjects. To the Chiefs, sovereignty may have been the shadow. Land was the substance. The shadow grew, much of the substance was lost, and out of the clash of cultures and conflict between the moral claims of the Maori and the more sophisticated pursuit of self-interest by the Pakeha (i.e. European) came war.

But whatever the legal force of the treaty, its moral sanction as the Maori Magna Charta tempered the Pakeha pressures over the decades, so that Waitangi is perhaps more significant in the minds of the Maori people than Runnymede to their European fellow citizens. It has made an intangible contribution to the successful integration of the Maori into European society, and the greater harmony between the two races than is commonly found in other countries with inhabitants of different races. But the problem of "race relations" has not been fully solved, the memories of tribal wars still leave divisions among the Maori people, and one important federation of tribes under their own "King" since 1858, humiliated and resentful over past treatment, withdrew into itself, and has not fully returned from its self-imposed *apartheid*.

The idea of a King for the Maori people goes back to 1820 when Samuel Marsden, the Missionary, proposed it to Hongi Hika and other Chiefs as a means of *preventing* tribal wars. The idea persisted, not as expressing any sovereign claims or temporal aims, but as designating in default of a suitable Maori word the titular head of a confederacy which would unite the Maori people and strengthen them in meeting their problems in a Western society. It did not appeal to the Maori people as a whole, but in 1858 Potatau te Wherowhero, who had refused to sign the treaty of Waitangi, was installed at Ngaruawahia as King of tribes living in an area in the centre of the North Island. It was following confiscation of lands after the Maori Wars that the King and his tribes withdrew in sullen and passive resistance to assimilation.

On the promontory of Waitangi descendants of those who had signed the treaty paid homage to the descendant of Queen Victoria and, in ceremonies no less meaningful and ancient in origin than those in the capital city, remembered the treaty and expressed their loyalty to the Crown. At Rotorua, centrally placed, on the Marae of the Arawas, a similar ceremony was held later for all the Maori people. At Ngaruawahia there was a problem; for to accede to the request that King Koroki, descendant of Te Wherowhero, and the Waikato Federation should pay homage to the Queen on their own Marae might by special treatment appear to give recognition to a superior status and to *apartheid*, and confirm the differences between the tribes. So, the schedule was found to be too tightly packed for the seven minutes diversion needed from the main highway. But the Waikatos persisted in their preparations and searched their traditions for appropriate allusions, songs and ritual. By "gently tugging at the Queen's cloak" they brought her to them. They seemed little perturbed by the ostentatious absence of the Minister of Maori Affairs. The sentry challenged, the women wailed the Maori welcome, the warriors danced their *haka*, the assembled people chanted from a sacred invocation never before performed before Pakehas:

The Murmuring breeze will sigh o'er the Land;
The Stormy and Boisterous seas will subside
And the Crimson Morn will come.
Ah! 'tis the promise of a glorious Day.

and, as the Queen and Duke crossed the bridge in departure, a hundred warriors in two canoes raised their paddles in a farewell Royal Salute.

After 114 years the omission at Waitangi was made good, and an oath of loyalty to the Crown was sworn, the Queen shook King Koroki by the hand and became the first European woman for whom the Waikatos invoked the protection of their gods. The Prime Minister in a gesture of amity took the arm of King Koroki, who without loss of dignity or subtle violation of etiquette could now attend the national Maori ceremony at Rotorua.

So for the Maori people also there was constitutional significance in the Queen's visit, and they shared no less the common emotional bond. In effect the moral sanction of Waitangi was reaffirmed. The Queen's action in visiting the Marae of the Waikatos and entering their meeting house contributed more than any event of recent years towards a mood of collaboration with

other tribes, with Europeans and the Government. The seven minutes were well lost.

Return to "Normalcy"

DURING the weeks of the Queen's visit there was a truce to bickering, the assorted lions and lambs lay down together, and the pressure groups took a much needed rest. But by February the country had returned (between race meetings) to the fundamental dilemma of reconciling the process of economic development with the social pressures for stability and distributive justice, in a trading country peculiarly susceptible to external unstabilizing influences.

Unease over the effects of the 10 per cent wage increase reported in the last issue* of *THE ROUND TABLE* is one of the many symptoms of this dilemma. The increased demand for capital investment to further the development process, take up the slack in war-deferred capital expansion, and meet the requirements of a population growing in the March years 1952 and 1953 at the high rates of 2.41 per cent and 2.66 per cent respectively (to which net immigration contributed 0.80 per cent and 1.02 per cent respectively), has contributed to inflationary pressures. It is not surprising that the consumer price index has risen by about 33 per cent over the last five years and that wage earners should press for wage increases—not without success; for minimum award rates, measured at constant purchasing power, were some 10 per cent higher in December 1953 than on the average for 1949. In 1948-9 wage and salary earners received 54.8 per cent of private incomes before taxation, and 55.0 per cent in 1952-3.

Price increases at once became a political issue. It is as yet too early to estimate the effects of wage increase. So far the consumer's price index for all groups has risen only from 1357 on September 30 to 1379 on March 31, less than 2 per cent. The full impact will come later. But there are already indications that the alleged failure of the Government to prevent prices from rising will be a bone of contention in the elections this year and that issue will be joined on the *extent* to which subsidies or price control should be used.

Late in December the Minister of Industries and Commerce announced that: "The recent wage increase and the subsequent attitude of some irresponsible elements both in the trading community and in political circles make it obvious that price control must continue." The Price Tribunal was instructed to conduct a series of public enquiries in order to obtain the views of different sections of the community on broad aspects of the problem of containing prices. The first hearings began on March 29.

The cynic might perhaps suggest that, instead of expert enquiry, it has almost become a political fashion to hear what everybody has to say about everything; for in his New Year message to the people the Prime Minister (following precedents of his own) announced a series of conferences with various organized sections of the people to consider immediate problems of costs and prices.

The caucus of the Labour party held in February blamed the Government

* See *THE ROUND TABLE*, No. 174, March 1954, p. 215.

for the "serious drift in economic affairs" and demanded that Parliament be convened immediately. An entertaining exchange of *tu quoque's* augurs well for public interest in the gathering electoral storm. It will be economically gratifying, but politically disconcerting, if, towards November, the cost of living has risen but little, and the time bomb turns out to be a squib. Meanwhile both parties are already announcing their candidates, and the usual rumours are afloat that quarrels over leadership have been patched up till after the election.

Dollars and Pounds

THE uncommunicative *communiqués* from the Sydney Conference of Commonwealth Finance Ministers in early January distracted little attention from the Queen's visit. But there seemed to be mildly encouraging indications that the time has been brought a little closer when sterling ceases to be a poor relation and can look the dollar in the face without the uneasy hint that further hand-outs may be needed later. It was a gratifying sign of recovery from the sterling jitters that New Zealand's delegates shared the calm confidence that the threatened American recession need not be unduly disruptive. New Zealand's contribution to the growing strength of sterling has been to reduce the deficit with the sterling area of £43 million in 1952 to £8.6 million in 1953 and increase the favourable balance with non-sterling countries of £19.7 million in 1952 to £34.8 million in 1953, including a surplus of £2.9 million with the dollar area as against £0.2 million in 1952. The total improvement in 1953 was made up of a reduction in imports by £19.8 million and an increase in export receipts of £23 million.

There are, however, certain uneasy undertones in current thinking. Despite recent success in raising a £10 million loan in London, there is no great optimism over the prospect of raising adequate development finance in the United Kingdom so that dollar-saving earning power may be increased. There are twin fears that the Randall Report in support of liberalizing trade may receive an unfavourable reception in the U.S. Congress, and on the other hand that a general move towards relaxation of trade barriers might create difficulties for New Zealand manufacturers, for example through increased Japanese imports. There are strong fears also that the disposal of agricultural surpluses generated by American price-support policies will prejudice New Zealand markets. During 1954 the marketing of meat and dairy produce in the United Kingdom will cease to be controlled. At the time of writing New Zealand's representatives are negotiating the agreements which will be substituted for bulk purchase under arranged prices.

New Zealand,
May 1954.

RHODESIA AND NYASALAND

A NEW STATE IN THE COMMONWEALTH

WITHIN the life and development of the British Commonwealth of Nations, the making and amending of constitutions continues without ceasing. There are constitutions of all kinds framed to meet very widely differing conditions, but one thing which they have in common is that, usually, they work. To the long list has recently been added another—that given to the Federation of Rhodesia and Nyasaland by Order in Council of 1953.* This constitution applies to the new area comprising Southern Rhodesia, Northern Rhodesia and Nyasaland. The new Federation is 485,000 square miles in area. This area is equal to all northern Europe, including Great Britain but excluding the Scandinavian countries. Another comparison is that it is larger than the combined area of the three largest states of the United States of America, namely, Texas, California and New York. It is the home of 6½ million Africans, 215,000 Europeans and 24,000 of mixed and other races.

For many years people with vision have looked forward to the coming together of these three countries in some form of closer union. In 1938 the Bledisloe Commission expressed the belief that the three territories would become more and more closely interdependent in all their activities. The type of union which was visualized by the Bledisloe Commission was a full amalgamation. The findings were that the time had not yet arrived for that amalgamation to be implemented because:

1. The Native policies of the two northern territories and Southern Rhodesia were still in an experimental stage and it was too soon to say which of these policies would, in the long run, best promote the moral and material well-being of the African inhabitants.
2. There was general opposition to amalgamation amongst the Africans in the northern territories.
3. The European population was not, either in number or experience, ready to discharge the responsibility of administering the combined territory.
4. There was too wide a difference in the constitutional status of the three territories. Southern Rhodesia was self-governing, Northern Rhodesia and Nyasaland were Protectorates under an almost wholly official form of government.
5. Northern Rhodesia and Nyasaland were relatively weak financially when compared with Southern Rhodesia.

The Commission had no doubt that the day would come when it would be in the best interests of the three territories to amalgamate. The Bledisloe Commission did not give serious attention to the possibility of establishing a Federation, and over the years a majority of the electorate in Southern

* It is hoped to publish a chronicle of the affairs of the new Federation, of which the present article is the first instalment, in alternate issues of *THE ROUND TABLE*.—*Editor*.

Rhodesia looked forward with confidence to an amalgamation as contemplated by that Commission.

In 1951 the proposal to bring about a degree of unity between the three territories came under serious consideration once again. Vast changes had taken place in Central Africa since the Bledisloe Report had been presented. Although there were still differences in the native policy of the northern territories as compared with the native policy of Southern Rhodesia, there was much in common and it was patent that both policies genuinely aimed at the sound advance of the African people. Figures showed that in Southern Rhodesia the advancement of the African had in many ways been greater than in the two northern territories. This advancement was not confined to economic matters. Africans had also derived benefit from the provision of more adequate educational and health services. There was still opposition, amongst the Africans in the north especially, to a closer union of the three territories, but a great deal of that opposition was based on ignorance of the facts and an inability to understand the issues at stake.

The European population had increased in numbers in both Northern Rhodesia and Southern Rhodesia, and the self-governing colony of Southern Rhodesia had shown itself able to conduct its own affairs during the particularly difficult period of the war and the years following. It was true that there was still a very big difference in the constitutional status of the territories, but Northern Rhodesia had advanced considerably and, in 1951, had a group of elected Members in its Legislature. The economic situation in Southern Rhodesia and Northern Rhodesia had completely changed and both countries had thriving economies.

However, since 1938 a new factor had entered the field for consideration, and that was the changed attitude of the British Government to the situation in Central Africa. The reasons for amalgamation were stronger perhaps than they had ever been, but native policy and the attitude of Africans in the northern territories became the deciding factor whether the new unity should be on the basis of federation or of amalgamation. After long and careful consideration and several conferences, a Southern Rhodesian delegation accepted the proposal to federate, and a referendum held in Southern Rhodesia endorsed this acceptance. The subsequent approval by the British Parliament led to an Order in Council, granting a constitution to the new Federation of Rhodesia and Nyasaland.

The Federal Constitution

UNDER the Constitution a Federal Assembly was set up. This consists of a Speaker and 35 Members, 26 of whom are elected Members, 14 coming from Southern Rhodesia, 8 from Northern Rhodesia and 4 from Nyasaland. There are 6 African Members, 2 elected in Southern Rhodesia, 2 in Northern Rhodesia and 2 in Nyasaland. There are also 3 European Members charged with special responsibilities for African interests, of whom 1 is elected from Southern Rhodesia and 2 are appointed, one by the Governor of Northern Rhodesia and the other by the Governor of Nyasaland.

Although native affairs are strictly confined to the territorial legislatures,

it is generally accepted that the work of the Federal Government will affect the African people in many ways; and because of this, and to ensure that African interests receive the most careful consideration, provision is made for a Standing Committee of the House, with special powers, to concern itself especially with African interests. The African Affairs Board consists of the three European Members for African affairs and one specially elected African from each of the three territories. The Governor General in his discretion appoints a Chairman and a Deputy Chairman from amongst the Members of the Board.

The new Federation has been welcomed by the great majority of Europeans in the Rhodesias and Nyasaland and by probably the majority of educated Africans in Southern Rhodesia. In Northern Rhodesia and Nyasaland there is African support, but it is difficult to gauge how widespread this is and it is known that, particularly in Nyasaland, many Africans are still against Federation. The great mass of African people are insufficiently educated or experienced in these matters to be able to express an intelligent opinion, and unfortunately a great deal of mischief-making has taken place, particularly in the months before Federation became an accomplished fact. Many Africans who, if they had understood the aims of the Federal movement, would have accepted and given their support to it were genuinely frightened by fantastic stories, for example, that taxation would be twenty times as great as at present, and that all sorts of other calamities were to be visited upon the African people. Africans who were in themselves good and sensible men were, in many cases, bitter in their opposition to Federation because they honestly believed that some frightful tragedy was about to be perpetrated. These men, when asked what it was they were afraid of, could only reply, "It is Federation—we do not know what it is, but we know it is bad."

Complementary Economies

THE three countries concerned are very different; but because of their differences they stand to gain very greatly from a closer union. On the economic side they can be complementary, the one to the other, for their exports differ considerably. The latest figures available show that Southern Rhodesia exports a total of £53,800,000 worth of goods which includes £20,200,000 worth of tobacco and £11,300,000 worth of asbestos, chrome, gold and other minerals. Northern Rhodesia's exports total £93,300,000, of which £90,900,000 are derived from metals, almost entirely copper. The exports of Nyasaland total £7,000,000 of which £5,600,000 are of tobacco and other agricultural products.

The progress of Southern Rhodesia, particularly in capital development, over the last few years has been very great, but it has led to an adverse balance of trade. The economic union of the three countries, because of Northern Rhodesia's copper exports, results in a favourable balance of trade for the Federation. Under the Federal Constitution such matters as railway transport, the provision of electric power, the control of imports and exports, the control of prices and general economic planning, become Federal. Southern Rhodesia's European agriculture has become a Federal

subject and the hope is that the European agriculture in the north will become Federal also. Major matters of irrigation are a Federal concern and there is no doubt that the survey of the great economic potential of the Federation and the provision of plans on the widest scale will bring a new strength to the Central African economy. This fact is of the widest importance to all the citizens of the three territories, but the biggest benefits will be felt by the African population, who, in the last ten years particularly, have been stirring and are now demanding the fruits of civilization. Great changes are taking place in the life of the African and the population increase would be frightening if it were not for the new promise of large industrial development in Central Africa.

In Nyasaland the land shortage is acute. Many of the African males go south to obtain work, leaving their families behind. They may stay away for some years before returning to their home and this has serious effects upon the social life of the country.

In Southern Rhodesia the development of industry has already assumed such proportions that more than 270,000 African men from other territories are employed. These two countries are obviously complementary in this most important matter and, with the further development of industry in Rhodesia, both Northern and Southern, more and more Africans can be brought from a rural to an industrial life. In most parts of Rhodesia it takes 80 to 100 acres to enable a rural family to live on a subsistence economy, so that each family that is moved from peasant agriculture to industry means that 80 acres of rural land are freed and an eighth of an acre of urban land is occupied. There is no doubt that far-reaching changes will take place in the life of the African people, particularly over the next few years, and the general development of industry holds the key to land problems within the Federation. The economic unity of the Federation is a firm foundation on which to build a developing industrial life.

One of the great problems within the new Federation is the fact that the great mass of the population is uneducated, uncivilized and produces very little wealth. These things form a vicious circle which must be broken, particularly because the African population is increasing so rapidly. Fifty years ago the African population of Central Africa was very small indeed and it was kept small by disease, war and droughts. Intertribal warfare ceased at the end of the last century. Famines are not so frequent now and, if they do arise, are met by government action and the importation of food in sufficient quantities to meet the need. In the last twenty years the attitude of the African to European medicine has completely changed. Twenty years ago, and even ten years ago, it was difficult to get an African to come to a hospital or to accept medical treatment. Today the demand for qualified medical services is so great that it taxes the financial resources of the country to meet it.

A similar revolution has taken place in the demand for education. Twenty years ago the Missions, who carry out almost all the education of Africans in Central Africa, gave presents to children if they would come to school. Today the parents are charged school fees and have to buy books for their

children, and yet the demand for school accommodation has become a very serious financial embarrassment to the Governments concerned. It is obviously in the best interests of the Federation that facilities for educating the African people should be rapidly extended and improved. The Africans desire it—they are demanding it and the Government are eager to give it—but the limiting factor is finance.

The position is simply that the African is not producing enough wealth to enable full facilities to be provided. Put in other terms, the national income is ridiculously small in relation to the demands that are made upon it. It is difficult for the African to understand the position because he replies that all the copper and gold and chrome and asbestos that are mined are mined with his labour. What he does not recognize is that his labour is of such poor quality, largely because he is not sufficiently educated and also not keen enough. Despite all the difficulties, the situation is steadily improving, but it does not improve quickly enough to satisfy the African or the European.

African Progress

THOSE of us who live in Central Africa recognize our great responsibility to the African people and to the Commonwealth. The history of the three countries is very short, and much has been accomplished in the sixty years since Europeans first established themselves in this part of the continent. Nevertheless it is true that, for the first fifty years, the progress was slow and the pressure on the African people was not great. In the last ten years the whole rate of progress has been accelerated and the course of events can do nothing but bewilder the more primitive African. The miracle is that he is not completely overwhelmed by the changes that are taking place all around him, and also in the life of his own people.

Within the Federation the great number of thinking Europeans and Africans recognize fully that the two races are interdependent and that co-operation is required for the development of the Federation and for the improvement of the position of its peoples. Such a belief is essential if the Federation is to be a success, but the belief in itself does not solve the many day-to-day problems which will arise.

The Federal form of government is necessarily less efficient, less economical and more complicated than a unitary form, and we know that there will be problems arising, for example, between the States and the Federal Government itself. We know also that the Federal system of government is in itself no solution to the racial problems which exist today in Central Africa, but we believe that our new-found unity is a step towards the production of more wealth, which alone can pay for the advancement that the African clamours for today. Our Federal Constitution is not perfect, but it is a Constitution designed to meet the need of an imperfect situation. We all recognize that a multi-racial problem with a small European group, and such a large African group, most of whom are not yet civilized, brings its own difficulties.

When our Constitution was framed, a number of the functions of government, which in a more normal federation would have remained under State

control, have been designated Federal subjects. On the other hand, the most important subject in Central Africa, that of Native Affairs, which should in ordinary circumstances be a Federal subject, has been deliberately made a State matter. There are many within the Federation who feel that Federal Government is an interim step upon the road which will lead Central Africa eventually to a unitary form of government. Those who think along these lines realize that the present Federal Constitution, in designating Native Affairs a State matter, leaves the way open to the possible growth of a divergence of opinion on native policy. If native policy in the north and south were to branch off on widely differing roads, we might find ourselves living in a house divided against itself, whose fall would be inevitable.

If the present liberal spirit which is so markedly in evidence throughout the whole of the Federation continues to develop, and if this leads as it should do to the growth of a fuller degree of confidence between black and white throughout the three countries of the Federation, between the Federation in itself and the people and Parliament of Britain, then the Federal system may give place with benefit to all to a unitary system. Much would have to happen before that could take place, and that which must happen is a challenge today, particularly to the European population of Central Africa.

Rhodesia and Nyasaland,

May 1954.

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